

**INTERNET
DOMAIN
NAME
TRADEMARK
PROTECTION**

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INTERNET DOMAIN NAME TRADEMARK PROTECTION

HEARING BEFORE THE SUBCOMMITTEE ON COURTS AND INTELLECTUAL PROPERTY OF THE COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTH CONGRESS FIRST SESSION ON INTERNET DOMAIN NAME TRADEMARK PROTECTION

NOVEMBER 5, 1997

Serial No. 62



Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1997

51-543 CC

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-057680-6

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INTERNET DOMAIN NAME TRADEMARK PROTECTION

WEDNESDAY, NOVEMBER 5, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS AND
INTELLECTUAL PROPERTY,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:00 a.m., in Room 2226, Rayburn House Office Building, Hon. Howard Coble (chairman of the subcommittee) presiding.

Present: Representatives Edward A. Pease and Barney Frank.

Also present: Vince Garlock, majority counsel; Eunice Goldring, staff assistant; Robert Raben, minority counsel; and Stephanie Peters, minority counsel.

OPENING STATEMENT OF CHAIRMAN COBLE

Mr. COBLE. Good morning. The subcommittee will come to order. As you all know, we like to start this train on time. I don't like to penalize people who have come here at the prescribed time, so we are going to get rolling.

I don't like to put you all on a short leash, but we almost have to do it that way to meet time constraints. We have a very important hearing. I don't mean to imply this one is not important because it is; but we have another important hearing before the full Judiciary Committee this morning involving antitrust matters. And some others, I think, would like to go to that if we can wrap up here in an orderly fashion.

We are delighted to have all of you witnesses with us. But if you all could confine your oral testimony to 5 minutes, we will be appreciative, and we will aid and assist you to that end by illuminating the red light. When the red light illuminates, that is your signal that it is about time to wrap up. I assure you your written testimony will be examined thoroughly and deliberately after today's hearing.

Today we are conducting an oversight hearing concerning Internet domain name trademark protection. As many of you know, a domain name is a familiar or a shorthand name used in place of a series of numbers to locate an address on the Internet. These domain names are frequently utilized by Internet users to search the World Wide Web and locate the address of a desired company when the actual Internet protocol address numbers are unknown to them. These domain names are therefore frequently associated

with the trade name or trademark of a company with which the public is generally familiar.

Because these domain names are frequently associated with a particular company, they are also ripe for manipulation, misrepresentation, or theft. For example, some individuals will register a name in hopes that their site will be mistaken for that of a well-known company or brand. Others, known as "cyber-squatters," will register a name associated with a famous company or product with no intention of trading on it themselves. Instead, they attempt to extort money from the original trademark or service mark owner. Still others will innocently register a name, which is highly similar or identical to another company's, thereby confusing the average Internet user as to which company they are dealing with.

In this country, the assignment of domain names has been the work of Network Solutions, Inc., known to many of you all as NSI, working under the Internet Network Information Center, InterNic, agreement granted by the National Science Foundation. National Science Foundation has announced it is bowing out of assigning domain names as of March 1998 and will not be renewing this group. This has opened the way for competition and the privatization of Internet domain name registration and different proposals on the best way to proceed when it comes to the registration of trademark domain names.

With these developments comes a host of questions and issues which are of great concern for this subcommittee and the Congress as a whole, such as what role, if any, should government have in the assignment of domain names which also represent trademarks; how should trademark disputes over domain names be settled both domestically and internationally; and how do we assure the integrity of United States company-owned trademarks and trade names as we move further toward the information age.

I look forward to the testimony this morning of all of our witnesses to enlighten the members of the subcommittee on this interesting topic. No one else is here, but I am sure we will be joined subsequently by other members of the subcommittee.

Our first panel this morning will be the Honorable Bruce Lehman, who is the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks. Representatives of the Commissioner's Office are currently leading international consultative meetings at the World Intellectual Property Organization on Internet domain names and trademark protection.

We have a written statement from the commissioner for which I ask unanimous consent to submit into the record in its entirety. And I welcome you, Mr. Lehman. Good to have you back with us.

STATEMENT OF HON. BRUCE A. LEHMAN, ASSISTANT SECRETARY OF COMMERCE AND COMMISSIONER OF PATENTS AND TRADEMARKS, PATENT AND TRADEMARK OFFICE, UNITED STATES DEPARTMENT OF COMMERCE

Mr. LEHMAN. Thank you very much, Mr. Chairman. Is my time up already?

Mr. COBLE. I just admonished my able assistant to illuminate the green light.

Mr. LEHMAN. I better get going pretty quick here. I have got 5 minutes. Actually, the good news is you have already had such a comprehensive opening statement, Mr. Chairman, that I think you and the committee have a very good understanding of this problem already, so it should be able to make the hearing a little easier. Maybe I can try to fill in some of the blanks from your opening statement from the point of view of the administration and what is going on now in the executive branch of the U.S. Government and elsewhere.

It seems to me that there are really three questions that we have to deal with here in this oversight hearing. And I think this is a perfect time for the committee to be looking into this issue because it has started to ripen to the point now I think where we can really identify with what the issues and the problems are. I think if we had done this a year ago, that would not have been the case.

There are three questions at least that come to my mind, or problems. First problem is the creation and assignment of domain names. Now, one of the difficulties that we have here is that, at least on the surface of it, it would appear there aren't enough domain names to go around. You know, there is no problem with somebody putting their name in the phone book or in the yellow pages because anybody can just put their name in the yellow pages, even if they have the same name as somebody else. You may have a trademark problem when people start using that as advertising, but at least there is not a problem getting yourself into the phone book.

One of the problems that we have here is that there are only so many domain names to go around and, therefore, some people go to register their domain name and they find somebody else has already got there first. And if that somebody else that has already got there first is using a domain name which looks a lot like their trademark, whether or not that person may be in business using that trademark, we have a trademark problem. So that is the first sort of set of issues.

That can be resolved in part by making better use of the existing domain name system and by creating additional domains. And a process to do that is now under way and that has been recommended by the International Ad Hoc Committee, which has looked into this, and the International Telecommunications Union and the WIPO have been working on trying to support those kinds of solutions, though it may well be that the technology of domain names is such that there will never be enough domain names to go around for certain trademark owners.

Think of all the people that have the trademark "Acme," for example, in their name or "Universal" or something like that. Even if we have 100 top level domains name, there are going to be some people who are going to be left out if they want to have "Universal" dot something; whether it is .com or dot—I think that with the new domains that are proposed, i.e., .store, .firm, and so on, we still won't have enough. So the creation of top level domains and assignment is an issue.

The second problem area is what happens when two people want the same domain name and one or both of them owns it as a trademark. And that is really the issue of principal concern to this sub-

committee and to the patent and trademark office. And of course, we have had a lot of experience with that already. Yet, a lot of people had thought they would be kind of cute, and they became what we call “cyber-squatters” early on in this. They went and registered famous trademarks as domain names and then either just did it for fun or because they thought they could get some money out of it by holding up the true trademark owners.

Now this is something, if we had this hearing a year ago, we would have had more confusion about domain name and trademark disputes than now. But fortunately the law that we have in place is, at least in this country, already beginning to deal with that problem. This committee, I believe it was in 1995, amended the Lanham Act to include an antidilution provision in it which strengthens the protection for famous marks.

And so now using the strengthened Lanham Act, at least in the United States, a number of people have been able to go to court, and where they have a cyber-squatter who is trying to hold them up for use of their name, they have been able to get relief in the Federal courts under the Lanham Act and push those people off the Internet and get that domain name for themselves.

That still doesn’t resolve the problem, though, where you have two people who both have trademark rights in the same name. Obviously a lot of names I mentioned, previously (you know, the word “Universal”) a lot of people use “universal” as a mark for various things. And so what do you do there, where you have those problems? But I think the Lanham Act and the antidilution provisions are beginning to kick in to help resolve, at least in part, this problem in the U.S.

Then the final question that I think that we have is how do we resolve disputes that occur that cannot be solved under the procedures that I just mentioned to you. That is where we have, you know, two trademark owners that want to use the same domain name. And also, what happens in an international context? Because keep in mind that the U.S. courts, of course, only have jurisdiction over the U.S. use of a trademark. And the Internet is an inherently multinational entity. And so there are a number of issues that arise there.

You can have a situation where a company—there are certain companies that have world famous names, you know; “Rolls Royce,” for example, is a world famous trademark. It is not an American trademark. It is a British one. We would enforce rights in Rolls Royce here. They would enforce them all over the world. Under the TRIPs agreement, which was part of our WTO agreement, the—I see my time is up. If you will just give me a second.

Mr. COBLE. Proceed.

Mr. LEHMAN. Under the TRIPs agreement, we now have special recognition of the rights in well-known marks, i.e. so if you have—at least in theory every country in the world now is supposed to enforce well-known marks. So if you have a domain name registry, even in another country, under the trips agreement, you should be able to have a trademark right if you have a well-known mark to assert your right, I would say in the domain name context.

However, that still doesn’t resolve the problem of what about a situation, and one of the witnesses is going to tell you, what about

We congratulate you, Mr. Chairman, for holding this hearing on what has become a very thorny and contentious array of issues affecting the rights of U.S. trademark owners.

The registration and use of domain names creates significant trademark protection and enforcement problems for trademark owners because domain names, which often incorporate trademarks, are treated as unique assets that can be held by one and only one owner. On the other hand, most trademarks are not unique assets, as evidenced by the existence of identical trademarks on different goods and services. This fundamental difference between domain names and trademarks is what creates the difficulties. The treatment of domain names as unique assets has given rise to the registration and use of domain names by “cybersquatters” as you noted in your opening remarks, Mr. Chairman.

While there have clearly been difficulties for trademark owners created by domain name registrations, the AIPLA believes that existing United States law has been up to the task of allowing trademark owners to fairly resolve domain name disputes. For example, trademark owners have successfully employed the United States anti-dilution statute to terminate use of their marks as domain

names by cybersquatters and garden variety trademark infringers. Those trademark owners who do not possess a famous trademark have relied on the other statutory provisions of the Lanham Act. Thus, while we expect that illicit activity can be addressed by vigorous enforcement of now-developed case law, there remain the problems of multiple businesses using the identical trademark for different goods and services and the fact that trademark owners must sometimes engage in litigation against cybersquatters to protect their trademark rights.

While we applaud, in principle, the efforts of The Internet Society and the Internet Assigned Numbers Authority to develop proposals for enhanced domain name administration and management, certain of the resulting proposals and recommendations may exacerbate the protection and enforcement problems for trademark owners. It is certainly conceivable, if not likely, that some trademark owners will make a “mad dash” to register domain names in as many of the seven new gTLDs as possible in order to preempt other entities with identical or similar trademarks and trade names from doing so. The existence of new gTLDs may also increase opportunities for cybersquatters.

the system, those who want to cause mischief, such as registering a famous softdrink name in the ".air" domain space would be able to do just that. Trademark owners would still be faced with the necessity of clearing through all of the new GTLDs, even those unrelated to their product or service.

Conclusions

Additional consensus is needed with respect to important intellectual property problems, especially, but not exclusively, in the area of trademarks. The iPOC has set out the contours of a dispute resolution process, the details of which require further attention and discussion. This dispute resolution process holds great promise as a possible way to stop cyber-pirates easily and inexpensively. However, in any system which emerges, trademark owners must be comfortable that their rights will be protected adequately, if not perfectly.

The number and type of new generic top level domain names must thus be carefully considered. The rate at which these new top level domains are added to the system is also important.

Clearly, no matter what kind of system emerges, trademark owners must be assured that a readily searchable domain name database which includes adequate contact information is available.

Resolving the issues surrounding technology, governance and trademarks will, unfortunately take some time. We are quite confident, however, that adequate will and the basis for agreement can be mustered to complete the transition to a robust, stable, competitive, global, and private-sector driven system over the course of the next year.

Transition Strategy

First of all, the U.S. Government must act promptly to assure the Internet community that it will preserve the stability and integrity of the Internet during a transition period.

Second, the interagency working group must complete and make available a detailed analysis of comments submitted in response to the Department of Commerce request for comments. Based on this analysis, we would expect to issue policy recommendations with respect to each of the questions.

Third, the United States should work with the global Internet community to establish an independent, self-sufficient policy oversight body with sufficient authority, global credibility, as well as a structure and process that will minimize the risk of anticompetitive conduct to carry out the core aspects of Internet governance that must be undertaken on a centralized basis.

I would be happy to answer any questions that the Members may have at this time.

SUMMARY

Additional consensus is needed with respect to important intellectual property problems, especially, but not exclusively, in the area of trademarks. The iPOC has set out the contours of a dispute resolution process, the details of which require further attention and discussion. This dispute resolution process holds great promise as a possible way to stop cyber-pirates easily and inexpensively. However, in any system which emerges, trademark owners must be comfortable that their rights will be protected adequately, if not perfectly.

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Resolving the issues surrounding technology, governance and trademarks will, unfortunately take some time. We are quite confident, however, that adequate will and the basis for agreement can be mustered to complete the transition to a robust, stable, competitive, global, and private-sector driven system over the course of the next year.

The Patent and Trademark Office (Office) is mindful of President Clinton's directive to Commerce Secretary Daley to work with the private sector to create a stable and predictable legal environment for the Internet.

Further, the Office recognizes the initiative of the World Intellectual Property Organization (WIPO) in providing a forum for the discussion of trademarks and domain names. At the same time, the Office is mindful that WIPO, as an intergovernmental organization, should limit its role to one of an advisor to whatever group or groups emerge to govern the Internet.

As originally envisioned, the ACP process was meant to be a first level "pirate screen." It was meant to resolve disputes between one party with very clear intellectual property rights and a cyber-squatter or cyber-pirate. With those assumptions in place, it was felt that there would be few successful challenges in the national courts to the decisions of the Challenge Panels. Further, ACP's would not be making decisions as to the relative strength of the rights of two trademark owners who were battling over a particular domain name. However, as a result of the Consultants' meetings at WIPO, the current proposal for the ACP's includes the right to hear disputes between two trademark owners over a particular domain name.

The ACP process as currently envisioned will be governed procedurally by WIPO's mediation and arbitration rules. Substantively, the iPOC, in conjunction with WIPO, has been developing substantive guidelines for use in the process. These guidelines have been extensively commented on at the WIPO Consultants' meeting and have been posted at the iPOC web site for further comment.

The ACP process can be invoked by a trademark owner at any time. However, if the challenge is lodged in the first thirty days after the domain name is registered, then the domain name is automatically suspended. This thirty day suspension period resulted from a compromise between those who wanted a 30-60 day waiting period before any domain name could go "on-line", similar to the opposition period for a trademark, and those who wanted no waiting period at all. In the course of the discussion over this issue, many argued that having a waiting period that applied to every new domain name penalized all new domain name holders, when, in fact, there are trademark disputes in far less than 1% of the cases. Additionally, trademark owners were assured that any new domain name data base would be designed so that it could be easily searched for trademark clearance purposes and would have readily available contact information for each domain name holder.

Some trademark owners are deeply suspicious of the ACP process. Others see it as an opportunity for an inexpensive, first-line defense against cyber pirates. At this time, the major registry in the .com and other top-level domains (except country codes), NSI, is conveniently located in Herndon Virginia and therefore under the jurisdiction of the U.S. Courts. For this reason most U.S. trademark owners with domain name disputes have been able to solve them in the U.S. court system. When registries in the gTLDs move out of the U.S., the process of litigating these disputes will become much more problematic and expensive. Finally, one must remember that the ACP process was established as a temporary measure to provide additional protection to trademark owners until an international framework could evolve to deal with trademark-domain name issues.

Creation of New gTLDs

The comments reflected extensive support from the technical community for the addition of new gTLDs. On the other hand, trademark owners for the most part weighed in against the creation of new gTLDs out of concerns that they would increase policing burdens and give bad actors more opportunities to infringe.

A substantial number of commenters addressed the type of new gTLDs that might be created. Several suggested that any new gTLDs that are created should be distinct enough in their intended purpose to minimize the chance of confusion created by the desire of name holders to register their name in all domains. Though many commenters found the concept of creating special-purpose gTLDs attractive, they expressed concern that the specific top level domains proposed by IAHC could "raise questions about global transparency and potential duplication and user confusion." Several commenters urged that gTLDs correspond to the categories in an industrial classification system. Others suggested that we address the need for complementary business gTLDs by encouraging the use of ".com.us" and perhaps by "cloning" .com (that is, by allowing the use of ".com1", ".com2", etc.) to mitigate the demands for the same name space by companies with similar names.

A system that makes it easy for domain name holders to self-select the appropriate GTLD has great appeal. Thus, it seems obvious that if ".air" was a new GTLD, that airlines, aircraft manufacturers and other related businesses would want to have their corporate domain names in ".air." However, what would manufacturers of air conditioners think? What about air purifiers? One of the problems inherent in such an approach is that it is very difficult to establish categories that are clear enough so that self-selecting produces predictable results. If the results are not mostly predictable, then the system will not meet the purpose for which it was established.

Further, there are literally hundreds of headings for businesses—see the Yellow Pages for examples. Therefore, such a system might have to have hundreds of new GTLDs. Finally, because there is no enforcement mechanism contemplated for

Committee closed its application process on October 16, 1997, but is planning to re-open the process in the future.

The IAHC process has been criticized for being exclusive, especially for lacking industry participation. iPOC has made concessions to these critics, however, and has removed the limit on the number of registrars for the new generic top level domains. More recently iPOC has invited further public input on several important aspects of the MOU, employing a formalized notice and comment procedure. Overall, iPOC has demonstrated a commendable degree of flexibility in the face of these criticisms.

Since the announcement by NSF that it would not renew the cooperative agreement with NSI, NSI has suggested that it may own a proprietary interest in .com, .net, and .org. NSI has not clarified the exact nature of this alleged proprietary interest, and has stated publicly that, notwithstanding such an interest, it will act in the best interests of the Internet including sharing the valuable .com name space.

Request For Comments

The Clinton Administration supports the continued privatization and commercialization of the Internet and is committed to completing the transition to private sector governance. We realize, however, that this transition must be accomplished in a way that enhances the stability of the Internet and ensures its continued smooth operation.

An interagency working group has been studying domain name problems since March 1997. On July 1, 1997, President Clinton announced the Administration's Framework for Global Electronic Commerce. As part of this initiative, the President directed Secretary Daley to support efforts to make the governance of the domain name system private and competitive and to create a contractually based self-regulatory regime that deals with potential conflicts between domain name usage and trademark laws on a global basis. This directive has the highest priority at the Department of Commerce and throughout the Executive Branch.

On July 2, 1997, the Department of Commerce, on behalf of the interagency group, issued a Request for Comments on the Registration and Administration of Internet Domain Names (RFC) in order to ascertain the views of the public regarding various domain name policy issues including trademark and domain name issues.

To date, we have received over 430 comments, amounting to some 1500 pages. The RFC elicited thoughtful comments from around the world, representing diverse perspectives.

In accordance with this Committee's desire to reduce the number of printed pages, I have not provided a hard copy of the comments received (although I would be happy to do so). These comments are readily available, however, at the NTIA site on the World Wide Web, the URL for which is "www.ntia.doc.gov". I have provided a summary of comments prepared by the interagency working group in Appendix A to my testimony.

General Observations

Let me start by saying that the comments we received reflect overwhelming support for two things: private sector governance of, and increased competition in, domain name systems. Moreover, the principle of globalism received strong support. Most commenters agreed that the transformation of the Internet from its U.S. roots into a global medium should be reflected in the Internet's administrative bodies. Many warned that continued treatment of the Internet as a "U.S. asset" could provoke a negative reaction from foreign governments, businesses, and consumers.

Having said that, many commenters expressed a preference for making a smooth transition to the "right" system over rushing to adopt an ill-considered solution. We believe, and commenters agreed, that consensus must be achieved through an open and democratic process that is as expeditious as prudent consideration of these important issues permit.

As far as trademarks are concerned, the comments indicated general agreement that trademark rights (registered and common law trademarks, trade names, business names, etc.) should be protected. Commenters also focused on how trademark rights should be protected, i.e., by national courts or some other types of dispute resolution mechanism.

All commenters agreed that the national courts should remain an option for trademark protection, and indeed the technical community expressed a preference that this should be the only forum for trademarks disputes. However, trademark owners and their representatives indicated that they would prefer an additional alternative dispute resolution mechanism for some kind of first level clearance to deal quickly with cyber-pirates.

There was general consensus among the commenters that there should be no preliminary review process. First, such a review would add unwanted delay to the registration process. Second, most commenters did not want the registrars to review applications on any substantive grounds. Finally a standard of review would be too difficult to establish and enforce.

Only a few respondents supported the institution of a waiting period after the filing of an application but prior to registration so that disputes could be filled. However because there are currently a fairly low number of actual disputes, it appears that establishing a short period after registration, during which a domain name could be suspended in the event of a conflict, would be a less intrusive procedure. For the majority of domain names there has been no trademark conflict.

There is general agreement that domain name/trademark conflicts cannot be prevented in an international arena—but they can be minimized with certain technological solutions. The commenters agreed that a searchable domain name database with up-to-date contact information would certainly be helpful for clearance purposes. There were also a few comments suggesting that a worldwide trademark registration database would be helpful to deter conflict, however it is generally agreed that such a database would be too difficult to maintain.

The Two Roles of The World Intellectual Property Organization

WIPO was approached by the Internet Society more than a year ago to become involved in the process of sorting out the issue of trademark protection vis-a-vis domain names and has served as a facilitator for international discussion on the many trademark issues that are associated with domain names. A WIPO official was involved in the deliberations of the International Ad Hoc Committee. WIPO then hosted a small meeting of consultants in February of 1997, to which the U.S. sent two representatives. This meeting generated so much interest among WIPO's member states that WIPO scheduled a consultants' meeting inviting all members and a very diverse group of organizations and participants, to discuss the myriad of trademark issues that were emerging. Consultants' meetings with full member participation were held from May 26 to May 30, 1997, and on September 1 and 2, 1997. Thus WIPO's first role has been to provide a forum in which representatives of the Member States, private organizations and Internet-savvy technical experts could meet and discuss trademark-domain name issues.

WIPO has been questioned by some member states as to the propriety of holding these meetings without direct member approval. However, it is clear that if WIPO had not held these meetings, the Member States would not have had the opportunity to meet and discuss these important issues. The U.S. has also questioned the propriety of having WIPO or any other intergovernmental organization as a voting member of the Policy Oversight Committee. This is of special concern given that President Clinton has made it clear that the Internet should be private-sector based and self-regulatory. Indeed, the U.S. views the GTLD MOU as essentially a private-sector instrument, despite the fact that one government has signed the MOU. Nevertheless, WIPO's recognized expertise in trademark matters should remain as a valuable advisory resource for whatever private sector-based leadership may emerge to govern the Internet. My understanding is that the iPOC and WIPO have heard the U.S. concerns in this matter and are giving them serious consideration.

WIPO's second role in Internet domain name and trademark matters concerns the alternative dispute resolution mechanism that is in place as part of the contractual arrangements between the registrars and domain name registrants under the iPOC proposal. It provides that all applicants for domain names must agree to submit to the jurisdiction of an Administrative Challenge Panel or submit to non-binding mediation/arbitration, at the option of the person challenging the domain name holder's right to the particular domain name. In this model, registries agree to enforce the decisions of the ACP's. The iPOC proposal does not preclude resort to the national courts. Further, the iPOC proposal makes clear that under any of these alternative dispute mechanisms, the arbitrator/mediator or administrative challenge panel has jurisdiction only over the domain name at issue.

The ACP Process

The role of WIPO's Mediation and Arbitration Center would be the following: to provide lists of potential ACP panelists or of mediators and arbitrators; and, to provide the facilities for on-line mediation or arbitration and on-line administrative challenge panels. All of these procedures would be administered under WIPO's mediation, arbitration and administrative challenge panel procedures which are currently being revised pursuant to an open comment period at the GTLD web site. WIPO would not act as the mediator or arbitrator. Again, all parties have recourse to their national courts.

a company like Exxon. "Exxon" is a very famous mark in this country but they go under "Esso" in Europe. It is not a global name. How do you resolve those kinds of disputes? How do you resolve disputes where a trademark may be strong in the United States but not in another country or, again, where there are people using one of these very limited domain names but two people have a right to use the same name?

Now, we don't yet have an international legal system of international district courts. And so there is going to have to be a sort of meshing of the international system, a harmonizing of the national systems, and then the plugging in of our own judicial system.

Now, WIPO is looking into this matter. A lot of people are supporting an alternative dispute resolution mechanism there, and that would be like a set of arbitration panels. This committee has done a lot of work, I think, in alternative dispute resolution because you have the judicial jurisdiction in this country so you are intimately familiar with all of that. And, you know, that is great, and a lot of people want it. The problem is there are a certain number of cases where that breaks down, and people just are not going to submit their rights to some kind of arbitration panel. They are going to rely on—want to rely on—our U.S. district courts.

So that relationship is something that we are going to have to take a close look at as we evolve the WIPO dispute resolution process. It is also something, I think, that naturally should be of concern to the committee because it involves also the sovereignty of the United States and our court system and so on and so forth. So there are some very interesting issues there.

The bottom line, Mr. Chairman, since I have gone over my time, is that at this point I think we in the administration would probably conclude, and I think you would probably conclude here, that we are not ready for any kind of markup for legislation on this issue. We need to study it a little more. It is ripening. We need to see a little bit more what is happening in WIPO, a little bit more what is happening when we adopt the ad hoc committee recommendations and assign more domain names. But in the end, there may be some need for an international treaty. There may be some need for legislative intervention here.

Generally speaking, in the administration we are adopting the position that government intervention should be a matter of last recourse; that we want to let the private sector try to work out these issues. But if they can't, we may have to step in, and in the interest of creating a viable and efficient marketplace in electronic commerce, we may have to step in and try to adjust some of these disputes. I would be happy to answer any questions, Mr. Chairman, that you might have.

[The prepared statement of Mr. Lehman follows:]

PREPARED STATEMENT OF HON. BRUCE A. LEHMAN, ASSISTANT SECRETARY OF COMMERCE AND COMMISSIONER OF PATENTS AND TRADEMARKS, UNITED STATES DEPARTMENT OF COMMERCE

Introduction

I am pleased to appear before this Committee today to testify on issues surrounding trademarks and Internet domain names. No single force embodies the electronic transformation we are experiencing today more than the evolving medium known

as the Internet. Once a tool reserved for scientific and academic exchange, the Internet has emerged as an appliance of every day life, accessible from almost every point on the planet. Students across the world are discovering vast treasures of data via the World Wide Web. Doctors are utilizing telemedicine to administer off-site diagnoses to patients in need. The Internet is being used to reinvent government and reshape our lives and communities. Finally, as the Internet empowers citizens and democratizes societies, it is also changing classic business and economic paradigms.

Given that over the next decade, advances in electronic communication will affect almost every aspect of our daily life, it is important that we look to preserving the integrity and stability of the Internet. And the way in which we address controversial issues surrounding Internet domain names will affect our ability to realize the full potential of the Internet in the years to come.

Background on the Domain Names Controversy

Domain names are the familiar and easy-to-remember names for Internet users (e.g. "www.thomas.loc.gov"). They correspond to unique Internet Protocol (IP) numbers (e.g. 98.37.241.30) that are used to address computers and route traffic on the Internet. Despite the growth and commercialization of the Internet, major components of the domain name system are still financially assisted by the U.S. Government:

The registration and propagation function for key top-level domain names (.com, .org, .net) is performed by Network Solutions, Inc. (NSI) under a five year cooperative agreement with the National Science Foundation (NSF). As of September 1995, NSF permitted NSI to institute user fees for registration and maintenance of domain names. Thirty percent of the fees must be deposited by NSI into an infrastructure fund, the disposition of which has not yet been determined. NSF's cooperative agreement with NSI expires on March 31, 1998, although the agreement provides for an optional six month "ramp-down period."

The policy oversight function for both the administration of domain names and allocation of network numbers is performed by the Internet Assigned Numbers Authority (IANA), operated by the Information Sciences Institute (ISI) at the University of Southern California (USC). IANA performs these services under a contract with Defense Advanced Research Projects Agency (DARPA).

The United States Government plays a direct or indirect role in the operation of half of the world's thirteen root servers. The root servers propagate the domain names and corresponding network numbers from the master database maintained by NSI.

U.S. research agencies have been trying to reduce and eventually eliminate their roles in these infrastructure functions, as they have done with respect to the provision of backbone and interconnection services. The decision to allow NSI to charge user fees privatized the allocation and management of domain names from a budgetary standpoint. NSI, however, remains in sole with respect to the most valuable name space—"com"—creating a situation that is not acceptable to many in the Internet community. This situation could become especially problematic if NSI were to remain in sole control of the .com domain upon expiration of the NSF/NSI cooperative agreement.

In response to NSI's sole control, and NSF's announced intention to let the cooperative agreement with NSI expire in 1998, IANA and the Internet Society (ISOC) organized the International Ad Hoc Committee (IAHC or the Ad Hoc committee) in September 1996, in partnership with the World Intellectual Property Organization (WIPO) and the International Telecommunications Union (ITU). The Federal Networking Council (FNC) participated in the early deliberations of the Ad Hoc Committee.

The IAHC issued a draft plan in December 1996, which generated some 6000 comments. The final report proposed a memorandum of understanding (MOU) that would initially establish seven new generic top-level domains (gTLDs) to be allocated on a non-exclusive basis by new private registrars. Under the MOU, registrants for second-level domains would be required to submit to mediation and arbitration, facilitated by WIPO, in the event of conflict with trademark holders.

The MOU was opened for signature by companies and governments at a meeting sponsored by the ITU in April of 1997. To date, some 170 entities have signed the MOU, including a few major carriers, such as Deutsche Telekom and MCI. Only one government has signed thus far. Meanwhile, the Ad Hoc Committee itself has transformed into an interim Policy Oversight Council (iPOC) and has begun processing applications for new registrars. To date, 81 applicants have been qualified as registrars including the well-known U.S. trademark search firm of Thomson and Thomson, Mindspring, a large U.S. Internet service provider, as well as France Telecom, Deutsche Telecom, and Bahamas Telecommunication. The interim Policy Oversight

We believe that there simply must be greater involvement by a wider constituency in designing the future of the Internet than has been the case to date.

The Government of the United States should take the lead in developing a binding international framework both for the creation and registration of new gTLDs and for formulating a binding conflict resolution policy both for existing and new gTLDs. Trademark/domain name dispute resolution rules could be the subject of a new international trademark agreement, under the auspices of the World Intellectual Property Organization (WIPO) with meaningful involvement and participation by trademark owner interests.

This suggestion does not mean that any government or international intergovernmental organization should control or take over administration of the Internet. We believe that the private sector is best equipped and motivated to handle these responsibilities. What we are suggesting, however, is that an international framework for governance of the Internet should be established with the participation of governments in as rapid a time frame as possible.

The AIPLA believes that presently available technology, if properly

utilized, can dramatically alleviate most trademark protection and enforcement problems that now inherently arise from the treatment of domain names as unique assets. Specifically, we favor the development and use of a searchable, telephone directory-type system for domain names and the corresponding development of a centralized world-wide database of trademarks and domain names that could be correlated to one another.

We envision a “yellow pages” type directory which would allow Internet users to search through multiple trademark, trade name or surname listings at a single Internet address where the users could then have direct linkage to the home page or Website corresponding to a given listing. For example, under such a directory system, an Internet user who typed in the domain name “United” would be routed to a directory page where all of the listings for “United” would appear alphabetically. If the user, upon reaching the directory page, types in “United Airlines” or clicked on the United Airlines listing, he or she would be taken directly to that company’s home page or website. The domain name itself would then largely become irrelevant, because the directory would become the most common means of access. The user could also “bookmark” or save addresses for

future use without having to go through the directory process a second time

There is a question concerning how and by whom directories should be developed, operated and administered. If the United States Government were to take the lead in developing a binding international framework, a directory system could be mandated as one step in reducing the conflicts and tensions we have experienced.

We again commend you, Mr. Chairman, for holding this hearing and we look forward to working with you to craft a resolution to the trademark/domain name conflicts which is in the best interests of U.S. industry and trademark owners.

Mr. COBLE. I thank you, Commissioner. The ranking member, the gentleman from Massachusetts has a Banking Committee hearing or a markup now. And as I said, we have a full Judiciary Committee hearing ongoing now as well. So that may explain why we may have slight attendance today.

Commissioner, thank you for being with us. Some argue that the United States might be agreeing to a lower form of protection of trademarks if we accede to an international form of domain named registration. What do you say in response to a charge like that?

Mr. LEHMAN. Well, I think there might be some truth to that charge, but I would first say, Mr. Chairman, we have not yet agreed to that. What is going on here at the present time is that in the context of the World Intellectual Property Organization, basically as requested by a group of private sector companies under the international ad hoc or private sector users of the Internet, International Ad Hoc Committee, WIPO has looked into this issue and has assembled a committee of—a group of experts informally, and they have recommended this dispute resolution mechanism at WIPO.

Neither the governing bodies of WIPO reflect by its member states nor any specific government, to my knowledge, including the United States, has yet endorsed that procedure, except Albania. So it is still very, very open. That is why this hearing is valuable, I think, for us to take a look at this.

I am not saying that that is—that the recommendations are a bad idea. As I said, from the point of view of the administration, we generally want to try to let the private sector guide us on these matters.

And we put out a notice of inquiry in July of this year. We got approximately 430 responses, the Department of Commerce did. And it was pretty clear, I think, the majority of those responses favored the WIPO creating a dispute resolution process. So we are going to go along. Our position is we are going to go along with the evolution of that.

But there are some serious questions, obviously, that will get involved. I mean, is this going to be binding or nonbinding? What is the relationship of this dispute resolution process with the decision, for example, of a court within a particular country, like the United States district court? Will the court decisions be de novo or not? There are lots of questions that will have to be resolved. Obviously, under no circumstances will the sovereignty of the United States be compromised without the concurrence of the Congress of the United States.

Mr. COBLE. Commissioner, is there any indication that the United States plans to sign on to the gTLD memorandum of understanding?

Mr. LEHMAN. As I understand this memorandum of understanding, and I have to say this is more in the domain—in the domain, excuse me for using the word here that people use a lot, and my colleague Larry Irving, who is the Assistant Secretary for Telecommunications in the Department of Commerce, that that is at this point primarily something that has been, again, organized by the private sector. And in fact, our notice of inquiry that has been led by Mr. Irving is sort of designed to take a look at these issues.

I am not aware that the government itself, that the Department of Commerce or the administration, has signed on to this memorandum or has any intention to do so, but I will check that and get back to you.

Mr. COBLE. And incidentally, Commissioner, I am in agreement with you when you declare that it would be premature for us to be thinking of terms of markup imminently; I mean by this calendar year. I think this is a beginning process, and I think it would not be wise even thinking about marking up at this early stage.

You have alluded a couple times to the private sector. Let me ask you this: Do you think that the time has come in this area where the government should let the market decide the next direction, or should we be looking at some way to legislate without unintentionally hindering the Internet development?

Mr. LEHMAN. Well, I think that right now, from the point of view of the jurisdiction of this committee, the trademark law within the United States is working pretty well. And I think that the antidilution statute came along at just the right time to deal with some of our problems here. And it is working.

With regard to legislating beyond that, I think we don't know yet all the information we need to know. One of the things we need to know is that right now there is in development—you know, we will have—you will hear from other witnesses later, we are going to have a new registry system; Network Solutions is going to lose its monopoly on registration. We are likely to create more top level domains. You will hear people that will tell you we are not making good enough use of the top level domains that we have now.

At the outset, I indicated that part of the problem that we have relates to the scarcity of domain names. Where you have a scarcity situation, that exacerbates the trademark problem, because two people who have a trademark claim to the same domain name might not be able to use it. Currently, it may only go to one of the two parties.

I don't think we worked through yet whether or not that scarcity problem might be alleviated in part by creating additional top level domains and using—and then also using—making better use of the top level domains that we have right now.

So, I think that process is something that the existing sort of ad hoc structure, which is a combination of private sector activity and maybe minimum government activity in some countries, can play itself out a little bit before we know whether or not we have the kind of crisis that requires some sort of mechanism for us to modify at least our U.S. laws to determine where you have the scarcity situation and you have a conflict between trademark owners whether there should be some kind of new mechanism for resolving that dispute.

Mr. COBLE. I thank you, sir.

The gentleman from Indiana, Mr. Pease.

Mr. PEASE. I thank you, Mr. Chairman.

Mr. Lehman, I apologize for being late and to the Chairman as well, and to advise the chair, but not surprising this time of the year, I have four hearings going on simultaneously. And so my purpose here today, quite frankly, is to download as much information

as I can from you, and I will pass on questions and will read your material and get back to you later. But thank you so much.

Mr. LEHMAN. Thank you.

Mr. COBLE. Commissioner, always good to have you with us. And I would like to put a question to the gentleman from Indiana, if I may. Ed, if you would come up here and let me go to the full committee—

Mr. PEASE. Yes.

Mr. COBLE [continuing]. And let me make an appearance, and I will return.

Let me bring on the next panel. The first witness on this panel will be Gabriel A. Battista who is Chief Executive Officer and Director of Network Solutions, Inc. He is also a registered professional engineer in the State of Pennsylvania.

Our second witness on this panel is unknown to none of us in this room. Mr. Mike Kirk is the very able Executive Director of the American Intellectual Property Law Association.

Our next witness is David Stimson who is President of the International Trademark Association. He is responsible for the world wide trademarks and company rights for the consumer imaging, Kodak professional and entertainment imaging division to the company.

Our next witness is John Wood who is Senior Internet Consultant for PRINCE, plc in London, England.

Our final witness on our second panel is Douglas J. Wood who is an executive partner of the New York law firm of Hall, Dickler, Kent, Friedman & Wood, testifying on behalf of the Coalition for Advertising Supported Information and Entertainment or CASIE. CASIE is the coalition jointly founded by the Association of National Advertisers of the American Advertising Association.

We have written statements from each of you. And I ask unanimous consent to submit into the record your statements in their entirety. And, gentlemen, I assure you that my brief absence is not an indication of any lack of interest, but as Ed pointed out, we have to be at four or five places simultaneously today. So I will surrender the gavel to the gentleman from Indiana. And I will return imminently and pick up in a few minutes. If you will remember the 5-minute rule, it is in order. And you have heard me to say, no one will be keelhauled if you violate it, but try not to violate it too severely.

Mr. PEASE (presiding). Mr. Stimson.

STATEMENT OF DAVID STIMSON, PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Mr. STIMSON. Thank you, Mr. Pease.

Good morning. My name is David Stimson. I am President of the International Trademark Association. On behalf of INTA's 3,400 members who are increasingly using the Internet as a mode of commercial activity, I appreciate the opportunity to testify in connection with the subcommittee's investigation of the Internet domain name assignment system.

Indeed, there is a direct connection between trademarks and domain names. INTA takes the position that the domain names can and often do function as trademarks. Both trademarks and domain

names are shorthand reference tools that consumers can use to locate information concerning a specific product and learn about the company which was offering the product for sale. Both serve to educate and reassure the consuming public that they are in the right place and they are purchasing the right product for the particular need.

When a Web surfer logs onto www.kodak.com, he or she expects to receive information about Eastman Kodak Company, not some unrelated or possibly slanderous subject. That is why it is essential for companies and the public to have some mechanism to ensure that trademarks and the use of those marks as domain names are safeguarded in the new world of on-line commerce.

Unfortunately, most of the current domain name registries including the U.S. registrar Network Solutions Incorporated, or NSI, maintain that domain names have no legal significance but are used only as addresses for various sites in cyberspace. NSI and other registries claim that their only purpose is to register domain names and not to perform trademark searches or arbitrate trademark rights.

As a result of this lack of attention, trademark owners and consumers are experiencing a number of problems in cyberspace. For example, as we have heard, we must now deal with cyber-squatters, on-line pirates who routinely register domain names in bulk, with no intention of using them and with no other purpose than to ransom them off to the highest bidder.

We are also faced with the emergence of confusingly similar domain names, since NSI will register any name as long as it is not exactly the same as one which has already been registered by another party.

Under the current system, for example, you can have www.acmewidgets.com with *acme* and *widgets* as one word; www.acme-widgets.com; and www.acme—widgets.com. Which is the genuine site of the Acme Widgets Company, and which contains possibly slanderous and offensive material? It is impossible for the consumer to know. So they have to surf around the net to find out.

The plan developed by the International Ad Hoc Committee, or IAHC, seeks to address a number of the problems. The plan represents a convergence of the business in Internet communities and was initiated by the Internet Society and the Internet Assigned Numbers Authority.

The International Trademark Association was and remains a part of the IAHC and believes that it is the only alternative presented thus far which addresses the rights of trademark owners. The plan provides, for example, a more detailed application procedure and publication of domain name applications on a publicly available Web site.

The IAHC plan also includes seven new generic top level domains or gTLDs. Examples of existing gTLDs are .com, .org and .edu. Some parties had initially proposed an unlimited number of gTLDs. INTA found this proposal to be unacceptable, and we used our seat on the IAHC to bring the number down to seven.

However, the addition of any new gTLDs is of major concern to INTA and its members, since they represent a policing problem for

trademark owners. INTA advocates a deliberate approach with respect to any new additional gTLDs. INTA remains open to other ideas. Should other proposals be introduced in the future, we will carefully consider supporting them.

I would like to thank the committee once again for the privilege of appearing here today. A more thorough discussion of these issues can be found in the INTA white paper called "The Intersection of Trademarks and Domain Names," and I brought with me here today copies of this white paper for each member of the subcommittee.

In conclusion, I want to reemphasize the important role that trademarks play in cyberspace. The International Trademark Association remains available to Congress and the administration to assist and cooperate in exploring approaches to the domain name system that recognize the rights of trademark owners in the new and ever-changing world of the Internet. Thank you.[The prepared statement of Mr. Stimson follows:]

PREPARED STATEMENT OF DAVID STIMSON, PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Introduction

Mr. Chairman, the International Trademark Association ("INTA") appreciates the opportunity to testify today in connection with the Subcommittee's investigation of the Internet domain name assignment system. The emergence of the Internet, and the problems of piracy, trademark infringement, and false advertising associated with its evolution, have made it clear that we must make every effort to preserve and protect trademarks on this new mode of communication. We therefore thank you Mr. Chairman for your willingness to conduct these hearings and offer the trademark community an opportunity to voice its opinion on this topic.

My name is David Stimson, and I currently serve as Chairperson of the Board of Directors and President of the International Trademark Association. I am employed by INTA member Eastman Kodak Company in Rochester, New York as Trademark Counsel. As with all INTA officers, board members and committee members, I serve on a voluntary basis.

INTA is a not-for-profit membership organization, which just recently celebrated its 119th anniversary at its annual meeting in San Antonio, Texas. Since its founding in 1878, membership has grown from twelve New York-based manufacturers to more than 3,400 members that are drawn from across the United States and from 119 additional countries.

Membership in INTA is open to trademark owners and those who serve trademark owners. Its members are corporations, advertising agencies, professional and trade associations, and law firms. INTA's membership is extremely diverse, crossing all industry lines and spanning a broad range of manufacturing, retail, and service operations. It is equally important to note that not all of INTA's members are large corporations. Many of the Association's members represent small businesses which are looking to expand operations and contribute to the domestic economy based on the strength of their trademarks. Nonetheless, all of INTA's members, regardless of their size or international scope, share a common interest in trademarks and a recognition of the importance of brand identity to their owners, to the general public, to the economy of the United States and the global marketplace. During the ongoing international debate on the future of the domain name assignment system, INTA has served as the voice of trademark owners in the United States and around the globe, ensuring that their trademarks are protected.

Value of Trademarks

Trademarks are a subtle, yet fundamental element of our daily lives in the identification of products in the marketplace. They are a basic mode of communication, a means for a company to convey a message of quality, consistency, safety, and predictability to the consumer in an easy-to-understand form. Equally important, trademarks generate an economic ripple effect that starts even before a consumer buys a branded product. First, trademarks benefit the suppliers of raw materials and equipment needed to make the product. Then trademarks stimulate advertising oriented to the brand—\$174 billion for the U.S. in 1996 alone. Finally, when the con-

sumer purchases the trademarked product, the manufacturer, distributor and retailer benefit—as do their employees and shareholders. The consumer benefits by easily being able to recognize and select products or services.

For the reasons just discussed, trademark owners are eager to protect their products' names and distinguishing features in the real world, as well as cyberspace. There is no denying that a trademark is a tremendously valuable asset to a company and our economy. It is usually one of the most significant property assets of a company. Further, if we are successful in our efforts to protect trademarks here in the U.S., then there is greater assurance that their status in the global marketplace will be better protected against international counterfeiters, unfair foreign competition and others seeking to unjustly profit from the efforts and investment of the trademark owner.

The Structure, Assignment, and Global Nature of Domain Names

From a technological perspective, every computer connected to the Internet is assigned a numeric address, with which other computers on the network use to communicate. A typical numeric Internet address is a string of numbers, such as 189.45.231.67. Because these numeric addresses are difficult for people to remember, Internet authorities also assign alphanumeric addresses or "domain names." Examples of domain names are *www.whitehouse.gov* and *www.saralee.com*.

There are actually two parts to a domain name: the generic top level domain (gTLD) and the second level domain (SLD). Examples of gTLDs or root identifiers include: *.edu*, *.gov*, *.com*, *.org*, and *.net* (for entities which are educational, governmental, commercial, organizational, and network infrastructure in nature, respectively). The SLD's are the first part of a domain name—typically the familiar name or phrase (e.g. *saralee*, *INTA*, *reebok*, etc.) that describes the product, service or topic which the Web site addresses.

The present system for assigning domain names was established by several private and government organizations working together, including the National Science Foundation (NSF), the Internet Society (ISOC), and the Internet Assigned Numbers Authority (IANA), among others. Together they established InterNIC (Internet Network Information Center) to provide services in the United States. InterNIC, through NSF contracted with Network Solutions, Inc. (NSI) a private company, to register domains with the gTLDs *.org*, *.net*, and *.com*.

NSI, like most registries, assigns domain names on a first-come, first served basis. By the end of 1995, the number of *.com* domain names exceeded 200,000; by the end of 1996, the number of *.com* domain names exceeded 600,000. Through July 1997, over 1.4 million domain names had been registered in the *.com* gTLD. As a result, domain names including the *.com* suffix now form the overwhelming majority of names on the Internet and the longer one waits to apply to NSI for a *.com*, the greater the chance that one's choice will not be available.

Just as trademark owners register their trademarks abroad in different national trademark offices, it is also possible to register domain names in over 200 national and quasi-national registries using two-letter country code TLDs such as *.de* for Germany and *.ca* for Canada. These registries are totally independent from NSI, just as, for example, the United Kingdom's Patent Office is independent from the U.S. Patent and Trademark Office. In certain countries, there are also sub-domains, e.g. *.co.uk* for United Kingdom Commercial and *.ac.uk* for United Kingdom academic, so there are over 400 distinct domain name registration possibilities. An example of a domain name using a two-letter country code would be *www.acme.co.uk*.

Numerous trademark owners utilize the country code domains in the local marketing, with locally-oriented Web sites in the local language, ostensibly to emphasize the local presence of their company.

The Connection Between Trademarks and Domain Names

Short, simple, distinctive, and indicative of origin. These are the essential qualities which trademarks and domain names share. Just like trademarks, people use domain names as "shorthand" reference tools to locate specific information concerning a particular product and learn about the company which is offering the product for sale. The important thing to remember is that domain names can function as trademarks. Both serve to educate and reassure the consuming public that they are in the right place and that they are purchasing the right product for their particular needs. When a "Web surfer" logs-on to *www.kodak.com*, he/she should expect information about Eastman Kodak Company, not some unrelated or possibly slanderous subject. That is why it is essential for companies to have some mechanism to ensure that their trademarks and the use of those marks as domain names are safeguarded in the new world of online commerce.

Conflicts Between Trademarks and Domain Names

Most domain name registries, including NSI, maintain that domain names have no legal significance, but are used only as addresses of various sites in cyberspace. Further, NSI states that its only purpose is to register domain names, not to perform trademark searches or arbitrate trademark rights. NSI contends that it is not equipped or funded to perform such searches, nor should it be responsible for any infringement that takes place involving the domain names it registers. As a result, a number of problems for trademark owners have arisen.

First, the current domain name registration policy of NSI is inadequate to combat "cybersquatters"—online pirates who routinely register domain names in bulk, without regard for the rights of trademark owners and with no other purpose than to ransom the names off to the highest bidder. The most famous "cybersquatter" is Dennis Toeppen, who up until he was enjoined by a federal district court, had obtained 240 domain names, including: *www.aircanada.com*, *www.anaheimstadium.com*, *www.australia.com*, *www.deltaairlines.com*, *www.eddiebauer.com*, *www.neimanmarcus.com*, and *www.ussteel.com*.

Second, NSI procedures are also not properly equipped to handle cases where two companies own the same name or mark. Take for example, the name UNITED. Which corporate entity has the right to own *www.united.com*: United Airlines or United Van Lines? Both have used the name extensively in commerce and both equally deserve to use it in cyberspace. However, under the current system, only one company can use UNITED in the .com gTLD.

Third, NSI's procedures permit the registration of confusingly similar domain names. So long as the name being sought is not precisely identical to one which is already registered to another party, the applicant may obtain it. For example, while the owners of the fictitious Acme Company, famous makers of widgets, may have registered *www.acmewidgets.com*, another party, with no relation whatsoever to Acme, can register *www.acme-widgets.com*, *www.acme.widgets.com*, or *www.acme-widgets.com* and place any form of content it so desires on the Web site—even material which is slanderous towards the legitimate Acme company. This can lead to consumer confusion and customer dissatisfaction.

In addition to the problems posed by NSI's procedures, trademark owners are faced with the difficulty of learning the rules and regulations established by the various two-letter country code registries. These rules are often complicated to the novice. For example, most countries in the developed world have a requirement that the domain name applicant must have residence in the country (e.g. a subsidiary), but numerous countries have no such requirement, and register domains, like the U.S. on a first-come, first served basis. In addition, each registry is entitled to have its own dispute resolution policy. Finally, the rules change often, and foreign domains can be expensive to register and to maintain.

An Alternative to the Existing System: The IAHC Plan

Both the trademark community and the Internet community recognized that there was a need for change. Given that INTA's membership is representative of much of the corporate world, the Association was one of seven organizations (and the only organization representing the trademark community) chosen to be on the International Ad Hoc Committee (IAHC), a group charged by ISOC and IANA, with charting the future of the Internet—a future that takes trademark rights into consideration.

After pouring over the needs of several competing and divergent interests, including the trademark community and the Internet engineering community, and studying public comment, the final IAHC plan was released on February 4, 1997. Due to the participation of INTA, the IAHC plan includes a number of trademark related provisions which seek to achieve a balance among the competing interests. These include:

- (1) A detailed application procedure requiring an applicant to provide specific information regarding its intended use of the domain and to submit to the jurisdiction of the appropriate court (this is intended to alleviate the often complicated problem of obtaining jurisdiction over a challenged domain);
- (2) Publication of domain name applications on a public Web site, with full particulars of the domain name applicant, enabling trademark owners to monitor potential infringements of their trademarks;
- (3) An alternative dispute mechanism, including an online challenge process that will permit a trademark owner to contest the granting of a particular domain name (*It is important to note that neither this online challenge process, nor other alternatives in the plan in any way whatsoever preclude a party from seeking relief in a national court.*); and

(4) An initial limit of new generic top level domain names to seven (one prior initiative contemplated immediate activation of an unlimited number).

For the above reasons, INTA supports the IAHC plan and has signed a Memorandum of Understanding (MoU) to that effect. Thus far, this initiative is the only alternative presented that addresses the rights of trademark owners. If the trademark community is to realize true relief from infringement, then the IAHC plan, or a similar initiative which addresses trademark concerns, must be given a fair chance to operate.

NSI has put forth an alternative plan which calls for an unlimited number of generic top level domain names. This is a direction which the trademark community opposes. During deliberations of the IAHC, INTA fought hard to minimize the number of generic top level domain names, since such additions would exacerbate the policing problems already being experienced by trademark owners. For example, at present, Eastman Kodak Company must not only monitor for infringement in the .com registry, but also be wary for cases in the up to 200 two-letter country codes that exist around the world. Imagine how difficult it would be for a trademark owner to monitor hundreds, if not thousands of additional gTLDs for possible infringements. The amount of time and money it would take is staggering to even think about. INTA believes that it is imperative, if trademark rights are to be protected, that a deliberative approach, such as that proposed by the IAHC, be taken on the addition of new generic top level domain names.

Conclusion

Mr. Chairman, I would like to thank you once again for the privilege of appearing before the Subcommittee today to discuss the intersection of trademarks and domain names. A more thorough discussion of the issues surrounding this highly complex and dynamic subject can be found in *INTA White Paper: The Intersection of Trademarks and Domain Names*, a document which has been prepared by INTA's Internet Subcommittee. I have brought with me today copies for each member of the Subcommittee and I ask that these be distributed so that the Subcommittee members may benefit from the information that it contains.

In conclusion, I want to re-emphasize the important role trademarks play in the domestic economy of the U.S., the global marketplace, and in cyberspace. INTA supports the IAHC plan, because it is the only plan to date which contains realistic protective measures for trademark owners. There may, in the future, be other proposals. INTA remains available to the U.S. government to assist and cooperate in exploring and considering other approaches that recognize the rights of trademark owners in the new and ever-changing world of the Internet, should they become available.

HOUSE RULE XI DISCLOSURE

Pursuant to House Rule XI, clause 2(g)(4), the Subcommittee is hereby informed that the International Trademark Association has received no federal grant, contract, or subcontract in the current and preceding two fiscal years.

CURRICULUM VITAE

I have been a lawyer on the Trademark, Advertising and Copyright Legal Staff of the Legal Division of Eastman Kodak Company in Rochester, New York since May 1986. I am responsible for the worldwide trademarks and copyrights of the Consumer Imaging, Kodak Professional and Entertainment Imaging Divisions of the company.

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Summary Statement of the International Trademark Association

The emergence of the Internet, and the problems of piracy, trademark infringement, and false advertising associated with its evolution, have made it clear that we must make every effort to preserve and protect trademarks on this new mode of communication. During the on-going international debate on the future of the domain name assignment system, INTA has served as the voice of major corporations in the United States and others around the globe, ensuring that their trademarks are protected.

Short, simple, distinctive, and indicative of origin. These are the essential qualities which trademarks and domain names share. Just like trademarks, people use domain names as "shorthand" reference tools to locate specific information concerning a particular product and learn about the company which is offering the product for sale. The important thing to remember is that domain names can function as trademarks. Both serve to educate and reassure the consuming public that they are in the right place and that they are purchasing the right product for their particular needs. That is why it is essential for companies to have some mechanism to ensure that their trademarks and the use of those marks as domain names are safeguarded in the new world of online commerce.

Most domain name registries, including Network Solutions, Inc. (NSI), maintain that domain names have no legal significance, but are used only as addresses of various sites in cyberspace. Further, NSI, states that only purpose is to register domain names, not to perform trademark searches or arbitrate trademark rights. As a result, problems for trademark owners have arisen. For example, there has been a proliferation of "cybersquatters" - online pirates who routinely register domain names in bulk, without regard for the rights of trademark owners and with no other purpose than to ransom the names off to the highest bidder. In addition to the problems posed by NSI's procedures, trademark owners are faced with the additional difficulty of learning the rules and regulations established by the various two-letter country code registries.

Both the trademark community and the Internet community recognized that there was a need for change. Given that INTA's membership is representative of much of the corporate world, the Association was one of seven organizations (and the only organization representing the trademark community) chosen to be on the International Ad Hoc Committee (IAHC), a group charged with charting the future of the Internet - a future that takes trademark rights into consideration. Due to the participation of INTA, the IAHC plan includes a number of provisions which seek to achieve a balance among the competing interests. Thus far, this initiative is the best and only real alternative for trademark owners. If the trademark community is to realize true relief from infringement, then the IAHC plan, or a similar initiative which addresses trademark concerns, must be given a fair chance to operate.

NSI has put forth an alternative plan which calls for an unlimited number of generic top level domain names. This is a direction which the trademark community opposes. During deliberations of the IAHC, INTA fought hard to minimize the number of generic top level domain names, since such additions would exacerbate the policing problems already being experienced by trademark owners.

INTA remains available to the U.S. government to assist and cooperate in exploring and considering other approaches that recognize the rights of trademark owners in the new and ever-changing world of the Internet, should they become available.

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Mr. PEASE. Thank you, Mr. Stimson. Mr. Stimson, do you wish for your white paper to be included in the record or simply to distribute to members of the committee?

Mr. STIMSON. We brought it for members of the subcommittee. If the subcommittee would entertain entering it into the record, we would appreciate that.

Mr. PEASE. We will advise the Chairman. He will make the appropriate decision. Thank you.

[The information follows:]



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INTA "WHITE PAPER"

THE INTERSECTION OF TRADEMARKS AND DOMAIN NAMES

**International Trademark Association
Internet Subcommittee**

Version 1.2

September 15, 1997

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The International Trademark Association (INTA)—founded in 1878 as The United States Trademark Association—is a not-for-profit international membership organization committed to:

- * promoting trademarks as essential to commerce throughout the world**
- * fulfilling a leadership role in public policy matters concerning trademarks**
- * educating business, the press and the public on the proper use and importance of trademarks**
- * providing an extensive range of informational and educational programs and services for its members.**

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Note to the Reader from INTA

Because the arena of Internet domain name issues is constantly evolving due, in part, to proposed changes to the domain name structure and new trademark disputes, this document will be updated by INTA on a regular basis

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I. Introduction

The world is shrinking! Perhaps not in geographical size, but certainly with respect to the ability of human beings to exchange ideas with one another via the Internet -- the latest mode of global communication.

The Internet or "World Wide Web" as it is sometimes called, represents one of the greatest technological achievements of the 20th century. Indeed, as mankind approaches the dawn of the 21st century, we should recognize that the Internet has brought people from the four corners of the earth closer together than they could have possibly imagined just 10 years earlier, and opened doors that would have taken triple the amount of time to open before the establishment of this highly complex, yet easy to use network of computers and people.

Trademark owners and their representatives throughout the world are struggling with the emerging issues presented by the proliferation of electronic communication, specifically as these issues affect protection for trademarks and domain names. The International Trademark Association (INTA) has contributed its resources, volunteers and staff to explore the intersection between trademarks and domain names. Where do these two topics interconnect? How do they relate to one another? What are the problems that have arisen as a result of their convergence? Finally, how can we plan so that the problems of today can be avoided in the future?

This "white paper" is an attempt to answer these and other important questions. It is designed to offer lawyers, engineers, students and "web junkies" and other interested individuals, the opportunity to explore a number of related areas, including:

- * the nature, history and importance of trademarks in global commerce;
- * the history of the Internet, its global nature and the role of domain names in acknowledging a presence on the World Wide Web;
- * the legal disputes in courts around the world which have arisen due to the intersection of trademarks and domain names; and,
- * the proposals put forward by various individuals and organizations to solve the problems experienced by trademark owners around the world.

II. Basics of Trademark Law

This section is intended to give the reader a brief overview of trademark law. An understanding of the function and purpose of trademarks is essential to fully understand the context of the role and the function of Internet domain names in the emerging marketplace.

A. *What Is a Trademark?*

While there is no international trademark law per se -- for the most part trademark law is nationally based -- many countries are signatories to the World Trade Organization's Trade Related Aspects of Intellectual Property (TRIPs) Agreement (1994) which defines minimum standards for trademark protection. Article 15(1) of the TRIPs Agreement states:

Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colors as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

B. *Origins and Basic Principles*

Although the legal systems of almost every nation in the world encompasses trademark law in the form to recognize and protect the identification of the source and/or quality of goods, there is currently no international harmonization of worldwide trademark law. Most countries are signatories to the Paris Convention, an international agreement which provides that member nations shall give foreign nationals the same treatment as the member nations provide their own citizens.¹ However, this guarantee of equal treatment in no way creates substantive rights in the member nations who have signed the treaty. The common law/civil law dichotomy makes international harmonization more difficult, although such efforts are underway, such as through the TRIPs Agreement mentioned above.

1. **Common Law**

Under a common law regime, a trademark owner gains exclusive rights to a trademark by adopting and using a trademark which allows consumers to identify goods which emanate from the trademark owner.² The requirement that the trademark be "distinctive" to a particular

¹ Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 640-41 (2d Cir. 1956), *cert. denied*, 352 U.S. 871 (1956).

² Common law jurisdictions may also provide additional protection for trademark owners through registrations. For example, under the U.S. Lanham Act, registration gives the trademark owner constructive nationwide use and notice of the trademark in connection with the goods specified in the registration.

producer or distributor is the linchpin of common law trademark rights. Accordingly, common law rights to a mark may be limited to only those geographic regions in which the trademark owner offers goods or only in connection with the types of goods offered by the trademark owner if the "distinctiveness" of the trademark is similarly limited. Common law countries include the British Commonwealth countries or prior colonies, such as Canada, the U.S., Singapore, Hong Kong, Australia and India.

Common law rights in a trademark are lost if the trademark owner no longer uses the trademark. This is known as trademark "abandonment."³

2. Civil Law

In the civil law countries, registration of a trademark is the primary way to obtain rights. The civil law countries are those that follow the Code Napoleon, Roman law, or other European Continental codes, such as Germany and others including Japan, France, Spain, Italy, Korea, Austria, China and Latin America.

C. Functions of Trademarks

1. Protection of Consumers

a. *Origin Function: Preventing Consumer Confusion*

The primary public policy behind the acknowledgment of trademark rights is the protection of consumers. As set out by the U.S. Supreme Court, "The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers

The analysis applied to determine if a trademark is registrable essentially tracks the analysis to determine the acquisition of common law trademark rights: (1) the mark must have the ability to serve as an indicator of the source of goods and services and (2) the mark must be distinctive to the registrant. However, the registration scheme imposes an additional requirement -- the mark sought to be registered may neither be confusingly similar to a trademark or trade name previously used by another anywhere in the United States nor abandoned.

Registration under the Lanham Act constitutes prima facie evidence that the registrant has the exclusive right to use the trademark in commerce in the United States. After five years, a registration becomes "incontestable", that is, a prior user cannot challenge the registration on the bases that the mark was previously used in the United States by another. However, other bases for cancellation, such as abandonment of the trademark, remain available.

See Defiance Bunon Machine Co. v. C&C Metal Products Corp., 759 F.2d 1053 (2d Cir. 1985)

from confusion as to source."⁴ The use of a confusingly similar trademark may cause a consumer to purchase goods of different or inferior quality than those the consumer seeks, based on information the consumer has gathered concerning the original trademarked goods.

In this sense, a trademark serves as a form of "shorthand" upon which consumers can rely in making rational product selections. If a consumer is pleased with the quality and features of a trademarked product, the consumer can then quickly and easily find the same or other goods produced by the trademark owner and can expect that the goods offered under the mark are of the same high quality as the initial purchase. The use of a trademark by consumers reduces the information cost associated with assessing product quality and allows consumers to conserve resources which might otherwise go into gathering product information.

b. Quality Function

Because consumers can use trademarks to identify goods which will meet their needs, an incentive is created for manufacturers and distributors to meet the reasonable expectations of consumers with regard to product quality. Accordingly, the use of trademarks tends to encourage trademark owners to maintain consistent standards of quality for goods and services offered under their marks. The value inherent in achieving consumer loyalty to a particular trademark through the maintenance of consistent product quality is referred to as the "goodwill" associated with the trademark.⁵

2. Protection of Property (Goodwill)

The "goodwill" inherent in a trademark can be a valuable intangible property asset belonging to the trademark owner. The law recognizes this value and allows the trademark owner to prevent unauthorized uses of the trademark which might tend to diminish the value of the mark (i.e., those uses which prevent consumers from using the trademark as a "shorthand" means to identify the goods of the trademark owner). The trademark owner has the ability through infringement proceedings to protect its investment in creating the goodwill.

However, if market forces other than, for example, the attempt by another producer to trade upon the goodwill established by the trademark owner, cause the trademark to cease serving its function as an indicator for the source of goods sold under the trademark (that is, the mark loses its inherent "goodwill"), the trademark owner loses the right to prevent third parties from

⁴ Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989).

⁵ This guarantee of quality of goods offered under a trademark gives rise to the requirement that an effective trademark license provide that the quality of goods sold under the license be monitored and policed by the owner of the trademark.

using the mark. This is the case when a trademark, through uncontrolled use by the public, becomes the generic name for the goods offered by the trademark owner and others.⁶

D. Scope of Protection

1. Trademark Classification

As mentioned above, trademark protection arises from the ability of the trademark to distinctively identify the source of goods. Accordingly, under both the common law and civil law approaches, trademark rights are acquired only as to specific goods or services. Typically, therefore, the scope of trademark protection only extends to those goods which consumers are likely to believe emanate from a single source. Consumers' belief in a single source is most likely to occur if the goods are related (such as brushes and paint) or if the trademark owner offers a wide variety of goods under its trademark such that consumers will see the new goods as an expansion of the trademark owner's current product line.

For purposes of trademark registration, most countries use the International (Nice) trademark classification system administered by the World Intellectual Property Organization (WIPO). Applicants for registration are required to identify the relevant class(es) of goods or services for which they seek registration. Applicants are also required to identify the "particular goods and services" with which the mark is used. The allocation of the identified goods to a particular class does not expand or narrow the scope of the applicant's rights in the identified goods, but is merely a means of administratively categorizing the applicant and resulting registration.

2. Protection For Well-Known Marks

In addition to receiving trademark protection for those marks which serve as a distinctive indicator of source for a particular class of goods, owners of "well-known" trademarks may be entitled to a broader scope of protection against use by others. In the international context, according to Article 6bis of the Paris Convention, member countries are required to extend protection to marks that are designated as "well-known in that country" against use or registration of any confusingly similar mark for "identical or similar goods." In the U.S. owners of "famous" marks may seek to protect their marks from "dilution" under the Federal Trademark Dilution Act of 1995 (Lanham Act, Section 43(c)) or analogous state statutes.

Dilution protection is designed to guard against "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing

⁶ Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921) (holding trademark ASPIRIN generic for acetyl salicylic acid.)

goods"⁷ or goods which consumers would not see as related enough to emanate from the same source. According to the anti-dilution section found in the U.S. Lanham Act, dilution is "the lessening of capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of -- (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception."⁸ Protection of this sort gives trademark owners a means by which to protect their "famous" marks even when traditional infringement is not present.

III. Background of the Internet and the Domain Name Registration Process

A. *Brief History of the Internet*

What is known today as the Internet has its roots in a network set up by the U.S. Department of Defense in the early 1970's. This network (ARPAnet), established by the Advanced Research Projects Agency (ARPA), connected various military and research sites and was itself a research project on how to build a distributed communications system that could survive a nuclear attack. The methods ARPA developed included a "protocol" allowing dissimilar computer systems to communicate, and a method that could route data through multiple communications paths using groups of data with their own destination addresses incorporated into the system. These methods were so successful that many other networks adopted the standards they used, known today as TCP/IP.

In the late 1980's the National Science Foundation (NSF), a U.S. federal agency, started expanding its own NSFnet, using the technology developed by ARPAnet, and a high speed backbone network. This was done at first to allow college campuses and research centers to use the NSF's supercomputers, but increasingly the connections were used for e-mail and for transferring data and information files between sites. This growth and the subsequent upgrading of the system led to broader horizons for Web users and the opportunity for a wider range of groups to become involved in the evolution of what we commonly call the Internet.

Although commercial entities had the opportunity to obtain an online presence in the 1980's, few chose to do so. At first, the overwhelming majority of the Internet's users were government agencies, universities and research centers. Few people outside of these environments had any access to or interest in the Internet and most commercial activity was banned under the National Science Foundation's then existing Acceptable Use Policy. Additionally, the Internet was impractical for mass consumer participation because it was a medium that allowed for the transmission of text only, requiring the learning of arcane UNIX

⁷ F. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813 (1927).

⁸ 15 U.S.C. §1125(c).

user interfaces and commands. Also, it was difficult to access from a home or office telephone line and required the purchase of an expensive computer.

Since 1993, computer technology, fueled by billions of dollars in new investments, has developed the capacity to view pictures and video and to hear high quality sound over the Internet. In addition, access from common telephone lines has become relatively cheap and plentiful, where permitted by telecommunications infrastructure, and consumer user interfaces are relatively simple, requiring less computer competency. Computers, many of which are sold as "Internet ready," are decreasing in price and Internet access is now available on "dumb" terminals and via cable television.

As a result, today the Internet is truly a global communication system serving governments, schools, businesses and consumers. Millions of people communicate daily across the "Net," sending e-mail, documents, pictures and related material, establishing Web pages (also referred to as home pages) to inform, advise and solicit customers or potential customers. As products and services are marketed electronically, in every way, the Internet has become a new channel of commerce. The developing world of online commerce, where consumers can learn about and order products and services with a few simple clicks of a mouse, renders the identification and quality guarantee functions of trademarks, in addition to the traditional origin function, all the more essential. While online, consumers have even less opportunity to view the actual goods in a selling environment or to interface with service providers or store personnel to learn the origin of a product. The trademark or domain name may be the only assurance that the online consumer is getting what he or she expects.

B. The Nature and Value of Domain Names

Domain names are relevant, because consumers often perceive them as performing, in electronic commerce, much the same role as trademarks and trade names historically have played in more traditional modes of business.

1. Technology

From a technological perspective, every computer connected to the Internet is assigned a numeric address, with which other computers on the network use to communicate. A typical numerical Internet address is a string of numbers, such as 189.45.231.67. Because these numeric addresses are difficult for people to remember, Internet authorities also assign alphanumeric addresses or "domain names." Examples of domain names include "whitehouse.gov" or "nestle.com." A full e-mail address also contains one or more preceding designations which identify the specific person and/or department within that organization, i.e., "jones@nestle.com." Thus, from the standpoint of the consumer of goods and services, an Internet domain name identifies the company, school, institution or organization to which a seller is attached. In short, domain names, like trademarks, often are used to identify a source of goods or services.

2. Value to Business

Initially, businesses may have given no more thought to domain name selection than to their telephone numbers--as long as each one was unique, they allowed the Internet to function. Apart from this primary function, domain names had little significance and were often chosen by technical personnel who paid little or no attention to marketing considerations.

All of this changed with the advent of the World Wide Web as an advertising medium and marketplace. Because people use domain names to locate Web resources, companies doing business online want domain names that are easy to remember and that relate to their products, trade names and trademarks. For example, a florist might find the domain name "flowers.com" very valuable to identify it as a source of flowers. Likewise, owners of famous trademarks (such as Microsoft) typically register their trademarks as domain names (such as "microsoft.com"). This kind of identification can be highly important to a business that conducts commerce on the Internet. Moreover, many consumers who do not know the domain name of a company will first choose the principal trademark of such company to locate the company's web site. See Cardservice Int'l, Inc. v. McGee, 950 F. Supp 727 (E.D. Va. Jan 16, 1997) ("[A] domain name is more than a mere internet address. It also identifies the internet site to those who reach it, much like . . . a company's name identifies a specific company.").

As a result, we have two separate yet interrelated indicators of goodwill: the traditional, i.e., trademark indicator, and the electronic, i.e., domain name indicator. There is an opportunity of potentially mammoth proportions, to either destroy or fortify the existing trademark system - depending on how domain name registry systems are ultimately designed throughout the world.

C. *How Domain Names are Assigned in the United States*

The present system for assigning domain names was established by several private and government organizations working together, including NSF, the Internet Society (ISOC), and Internet Assigned Numbers Authority (IANA), among others. Together they established InterNIC (Internet Network Information Center), a virtual organization, to provide services in the United States. InterNIC, through NSF, contracted with Network Solutions, Inc. (NSI), a private company, to register names for domains with the root identifiers (also known as top level domains or TLDs) .com, .org and .net (for entities which are commercial, organizational and network infrastructure in nature, respectively).

Unrelated to NSI, in virtually every country around the world (including the U.S.), independent agencies or individuals assign domain names using two-letter country code TLDs such as .de for Germany and .ca for Canada. These operate in tandem with .com (i.e. "acme.com.uk"). Although not necessarily initially envisioned as a global TLD, .com has become a popular choice for many companies in and outside the United States, providing an alternative to the country code TLDs.

Because the Internet is a collective set of computers sharing common communications protocols, any computer on the Internet, anywhere in the world (assuming the necessary hardware, software and communications lines are available) can communicate by e-mail, host Web pages, or send and receive files. Therefore, for the average Internet user, there is no practical (functional) difference between an Internet site with the domain name "abc.com" and one with the domain name "abc.ca." Each can be as easily accessed as the other, and, theoretically, each is potentially confusing with the other. Hence, INTA members consider the likelihood of confusion a particularly vexing problem in the international global community. The confusion arises between one domain name and another, and between one right and another (i.e., trademarks and domain names).

D. The Domain Name Registration Process in the United States

The first step in acquiring the right to use a domain name is to contact (usually through a service provider) the administrator of the desired TLD. As an example, if one is applying through NSI, an application must be submitted (electronically) for a domain name that includes the appropriate TLD coupled with the desired second level domain (SLD). NSI, like most registries, assigns domain names on a first come, first served basis.⁹ By the end of 1995, the number of ".com" domain names exceeded 200,000 and by the end of 1996, the number of ".com" domain names exceeded 600,000. As a result, domain names including the ".com" suffix now form the overwhelming majority of names on the Internet and the longer one waits to apply to NSI for a ".com" name, the greater the chance that one's choice will not be available.

If the identical requested domain name is not already assigned the name will be approved by NSI. At one time, NSI had a general policy of limiting domain name registrations to one per organization. However, the policy was enforced selectively (examples of multiple registrations abound, including one company which registered about 200 domain names covering all of its trademarks and a number of generic terms), and no longer is in force. Similarly, domain names are now registrable in .com, .org, and .net, regardless of the nature of the applicant as a commercial or non-profit entity or network provider.

⁹ This poling, however, does not override trademark rights under law. In Cardservice Int'l, Inc. v. McGee, 950 F. Supp. 737, 740 (E.D. Va. Jan 16, 1997) the defendant argued that because he registered the domain name with NSI, he is entitled to it. The court enjoined his continued registration, noting that

the [defendant] cites Network Solutions' policy of granting domain names on a first-come-first-served basis. Such a policy cannot trump federal law. Holders of valid trademarks under federal law are not subject to company policy, nor can the rights of those trademark holders be changed without congressional actions. If trademark laws apply to domain names, anyone who obtains a domain name under Network Solutions' "first-come-first-served" policy must do so subject to whatever liability is provided for by federal law

E. NSI Dispute Policy: What Happens When Domain Names and Trademarks Conflict

A trademark owner can no longer assume that its mark will be available as a SLD with the ".com" TLD, as someone else may have already received that domain name assignment. This may merely be coincidental -- such as where two companies happen to own the same name or mark, or an individual's name may be the same as a company's mark -- or it may reflect a deliberate misappropriation by someone hoping that well-funded entities will pay to have domain names incorporating their trademarks transferred to them. Even still, those trademark owners who do obtain their desired SLD -- reflecting a key brand or trade name -- may find that SLDs which are only slight variants of the mark or name are being obtained by other parties.

As disputes involving domain names and trademarks have arisen, registries have found themselves being pressured to take sides by denying, granting or suspending a domain name in controversy. Most registries, including NSI, maintain that domain names have no legal significance, but are used only as addresses of various sites in cyberspace. Further, NSI states that its only purpose is to register domain names, not to perform trademark searches or arbitrate trademark rights. NSI contends that it is not equipped or funded to perform such searches, nor should it be responsible for any infringement that takes place involving the domain names it registers.

However, beginning in July of 1995, NSI instituted a policy intended to address certain of these issues by trying to set forth a procedure to follow should disputes between parties claiming rights in the same domain names arise. The policy seeks to avoid liability and prevent potential lawsuits by third parties against NSI. Since July 1995, NSI has issued two revisions to that policy, the most recent effective September 9, 1996.

For trademark dispute purposes, the more pertinent parts of the current NSI policy include the following:

- (1) An Applicant must submit a statement that states, to its knowledge, the domain name requested does not interfere with or infringe the right of third parties.
- (2) An Applicant must have a bona fide intention to use the Internet domain name on a regular basis.
- (3) An Applicant must not seek the domain for any unlawful purpose.
- (4) The owner of a U.S. federal (a Supplemental Register registration is insufficient) or foreign trademark registration may challenge NSI's assignment of an "identical" SLD if the domain name holder began use after the challenger's trademark registration

or first use date. The challenger sends NSI a certified copy of its registration and a copy of its protest letter to the domain name holder. Once NSI's dispute policy is invoked, NSI gives the domain holder 30 days to prove either that its use of the domain predates both the first use of the challenging party's registration and the effective date of that registration or that the domain holder has its own trademark registration, in which case the domain holder will be able to keep the domain, subject to an obligation to indemnify NSI. If, however, the domain holder cannot demonstrate the required prior domain use or produce a trademark registration certificate, then the domain holder must give up the domain, with a 90 day phase-out. The disputed domain then goes into a "hold" status, where it is not available to anyone, pending the outcome of the dispute between the parties.

Without a court order or a decision from an arbitration panel, the best result a challenger can expect is for NSI to place the domain name registration on hold.

A problem with NSI's policy is that the same rules apply whether the domain name holder is merely an extortionist or has a legitimate business interest. This problem typifies the difficulty inherent in trying to establish a dispute policy under these circumstances where there may be many equities to consider.

F. Registry Policies Worldwide

NSI is an exception. Most registries around the world do not have a dispute policy, but follow RFC 1591, issued by Jon Postel of IANA, in March 1994, which sets forth an overview of the domain name system, and states:

Rights to Names

1) Names and Trademarks

In case of a dispute between domain name registrants as to the rights to a particular name, the registration authority shall have no role or responsibility other than to provide the contact information to both parties.

The registration of a domain name does not have any Trademark status. It is up to the requestor to be sure he is not violating anyone else's Trademark.

While it is impossible to review in this paper registry policies in force around the world, some reference pointers can offer assistance. Two of the more helpful, although nowhere near exhaustive, indices of worldwide NIC policies are located on the Internet at:

<http://www.digidem.com/legal/domain.html> [currently undergoing major revision]; and
<http://www.law.gwu.edu/lc/internic/international/reg2.html>.

For a list of some of the NIC sites referenced on these sites, please see Appendix I.

At least two registries appear to actively involve themselves in some aspects of determining trademark rights. The Bulgarian (<http://www.digsys.bg/bg-nic/>) and Irish (<http://www.ucd.ie/hostmaster/ie-obtain.html>) policies contain almost identical language. Both contain a section on "Availability" which includes the following text:

§3.4: A domain name shall correspond with reasonable closeness to the name of the applicant or to an abbreviation or trademark by which the applicant is well known.

§3.5: Where the proposed name is either already in use, or appears likely to be claimed by another applicant, another name shall be chosen. For example, such names as IBM.IE, DUBLIN.IE, IRFU.IE, and RUGBY.IE are protected by this requirement. (The Bulgarian dispute policy reads, "For example, such names as IBM.BG, SOFIA.BG, EMAIL.BG, and Internet.BG are protected by this requirement.")

§3.6: Where the proposed name is in the opinion of the naming authority likely to lead to confusion, another name shall be chosen.

In the Slovak Republic's policy, there is a statement about domain name removal but no details about its implementation:

A company can request removal of a domain if the domain is identical with [a] registered trademark in the Slovak Republic in the case that the registration of the trademark was submitted before the domain was registered.

A number of registry policies contain explicit language to the effect that they are in no way responsible for handling trademark disputes and requiring that these be settled through normal legal methods.

IV. Court Decisions and Disputes on Registration

A. *U.S. Disputes Over Domain Names*

Not surprisingly, a number of disputes have arisen between trademark owners and domain name holders. These disputes have occurred in the U.S., as well as in other nations. One of the most publicized early disputes was between McDonald's Corporation and the writer, Josh Quittner.¹⁰

Basically, the cases that have arisen can broadly be divided into two types. The first consists of the cases where a third party purposefully has chosen a domain name which either clearly belongs to another party or is associated with another party so that its use by a third party can have a detrimental impact on the mark. In the second type of case, it is not clear that the domain owner registered a particular name to trade off a trademark owner's goodwill.

1. *Intent to Trade Off a Trademark*

Some domain registrants have used their sites to harass or malign the owner of the corresponding trademark, or to trade off its goodwill. Examples of this type of case include: Kaplan Educational Center, Ltd. v. Princeton Review Management Corp.¹¹ (Princeton Review registered "kaplan.com" as its domain name and used the site to post disparaging remarks about its competitor's course); MTV Networks v. Curry¹² (MTV sought to reclaim "mtv.com" which had been registered by a video jockey of MTV who subsequently left its employ); and Avon Prods., Inc. v. Wong¹³ (Avon alleged that defendant's registration and use of its trademark as the domain name "avon.com" diluted and infringed its trademark).

Kaplan, MTV, Avon and other early cases were settled before substantive rulings by the courts on the infringement claims. However, by the middle of 1996, courts began deciding these claims at least in the context of preliminary relief. For the most part, courts have granted such relief in cases where the defendant's use of the domain name could tarnish plaintiff, or in clear instances of extortion. The most common finding has been dilution of a famous mark under the federal dilution provision of the Lanham Act, 15 U.S.C. §1125(c).

Perhaps the most compelling cases are those in which a domain name consisting of a famous mark is used for a sexually explicit site. In Hasbro, Inc. v. Internet Entertainment Group,

¹⁰ Joshua Quittner, "Billions Registered: Right Now, There are No Rules to Keep You From Owning a Bitchin' Corporate Name As Your Own Internet Address," *Wired*, October 1994, 54.

¹¹ No. 94 Civ. 1604 (MGC)(S.D.N.Y. filed March 9, 1994) (kaplan.com relinquished in arbitration).

¹² 867 F. Supp. 202 (S.D.N.Y. 1994) (MTV obtained mtv.com in settlement).

¹³ No. 96-CV-451 (E.D.N.Y. April 3, 1996) (Avon obtained avon.com in settlement).

Ltd.,¹⁴ the court issued a restraining order prohibiting the Internet Entertainment Group from using the domain name "candyland.com" in violation of the (U.S.) Federal Trademark Dilution Act and the Washington dilution statute. Hasbro challenged the use of this domain name because, for 47 years, Hasbro has manufactured a children's game named CANDY LAND. An important factor was that the "candyland.com" site was used for explicit adult materials. The court found the HASBRO trademark dilution claim likely to succeed on the merits and enjoined use of the "candyland.com" domain name. The defendant also apparently had reserved the domain "parkerbrothers.com."

In yet another case decided on the basis of the Federal Trademark Dilution Act, Toys "R" Us Inc. v. Akkaoui,¹⁵ the court granted a preliminary injunction enjoining use of "adultsrus.com." "Adults R Us" or any other colorable variation of plaintiff's mark for an Internet site and shopping service featuring sexual devices and clothing. The court found TOYS "R" US and KIDS "R" US famous and distinctive marks and eligible for protection from dilution under the Lanham Act. Citing to the Hasbro case above, the court found that "Adults R Us" tarnishes the "R" Us family of marks by associating them with a line of sexual products, which is inconsistent with the image Toys "R" Us has striven to maintain.

Also noteworthy is the court's issuance of a preliminary injunction notwithstanding defendants' arguments that there was nothing left to enjoin because they had stopped using the challenged names. The court found that defendants had not completely removed all references to "Adults R Us" from the Internet. Accordingly, the court's preliminary injunction is believed particularly useful for drafting a proposed Order.

Other cases in this category include those in which the defendant clearly registered a particular domain name in an attempt at extortion. In Intermatic, Inc. v. Toeppen,¹⁶ the defendant registered "intermatic.com," which was a registered trade name and trademark of plaintiff. The defendant, in addition to this domain registration, also had registered approximately 240 domain names, many being trademarks of well-known businesses, including "deltaairlines.com," "eddiebauer.com" and "neiman-marcus.com." The court referred to the defendant as a "cyber-squatter."¹⁷ Toeppen had ceased use of the domain name before the effective date of the new Federal Trademark Dilution Act. However, the court held that "Toeppen's intention to arbitrage the 'intermatic.com' domain name constitutes a commercial use" and granted summary judgment on plaintiff's dilution claims.¹⁸

¹⁴ 40 U.S.P.Q.2d 1479 (W.D. Wash. Feb. 9, 1996).

¹⁵ No. C 96-3381 CW, 1996 U.S. Dist. LEXIS 17090 (N.D. Cal. Oct. 29, 1996).

¹⁶ 947 F. Supp. 1227 (N.D. Ill. Oct. 3, 1996).

¹⁷ Id. at 1417.

¹⁸ Id. at 1422.

Cardservice International, Inc. v. McGee.¹⁹ is noteworthy for the court's grant of attorney's fees awarded on the basis of McGee's acts of bad faith. Under U.S. law attorneys fees may be awarded in "exceptional cases" of trademark infringement. See 15 U.S.C. Section 1117(a). Plaintiff used its federally registered mark CARDSERVICE INTERNATIONAL for credit and debit card processing. Defendant McGee had unsuccessfully sought to become a representative for plaintiff; without plaintiff's permission, McGee registered the domain name "cardservice.com" with NSI.

The court previously had entered a preliminary injunction against McGee to end all direct and indirect use of any variation of "Cardservice" on the Internet and to delete all content of "cardservice.com" from the Internet site. The court found that McGee violated that injunction by referring to Cardservice International at his Internet site under a different domain name and intending to use a new domain site of "csimall.com" (derived as an abbreviation of plaintiff's name and mark) to engage in "guerilla warfare" on the Internet against plaintiff.

The court ruled from the bench that a permanent injunction should be granted on the basis of likelihood of confusion under the Lanham Act. Further, the court found that the bad faith demonstrated by McGee warranted an award of \$59,691.25 in attorneys fees, in addition to the \$3,665 amount previously awarded for Plaintiff's expenses in pursuing a show cause order.

In Planned Parenthood Federation of America, Inc., v. Richard Bucci.²⁰ a case of intentional deception, the defendant, Bucci, a Catholic Radio host and active participant in the anti-abortion movement, operated an Internet site with the domain name "plannedparenthood.com". The home page contained the greeting "Welcome to the PLANNED PARENTHOOD HOME PAGE", which greeting was followed by anti-abortion propaganda.

Plaintiff, a reproductive health care organization, also operated an Internet site, with the domain name "ppfa.com." The court enjoined Bucci's use of "plannedparenthood.com", reasoning that use of the domain would create a likelihood of confusion with the Planned Parenthood health care organization. Search engines would lead Internet users looking for Planned Parenthood to the defendant's site by mistake and many users would never find the real Planned Parenthood site.

¹⁹ U.S. Dist LEXIS 552 (E.D. Va. Jan 16, 1997).

²⁰ 97 Civ. 0629, 42 U.S.P.Q.2d (BNA) 1430, 1997 U.S. Dist. LEXIS 3338 (S.D.N.Y. March 24, 1997).

Finally, in Playboy Enters, Inc. v. Calvin Designer Label,²¹ the district court enjoined defendants Calvin Designer Label²², Calvin Fuller, and Calvin Merit from use of the domain names "playboyxxx.com" and "playmatelive.com", as well as the use of the name "Playmate Live Trademark" and the use of "Get it all here@Playboy", incorporating plaintiff's federally registered PLAYMATE and PLAYBOY marks. In addition, in the first decision on the issue, the court enjoined the use of PLAYBOY "metatags", i.e., machine readable code in defendants' web pages, so that users using keywords PLAYMATE and PLAYBOY to search the Web would access defendants' websites.

2. No Obvious Intent to Trade Off Trademark

In some cases, it is not clear whether the defendant intended to trade off the plaintiff's goodwill in adopting a domain name identical to an established mark.

Comp Examiner Agency, Inc. v. Juris, Inc.,²³ in which the court found that the domain name "juris.com" is likely to infringe the federally registered trademark JURIS, is an example. Juris offers law office management software and has provided goods and services under the JURIS mark since 1980. In 1988, Juris obtained a federal trademark registration of JURIS, under which computer programs and related goods and services are sold. In June 1995, Juris' application to register "juris.com" as a domain name was rejected on the basis of Comp Examiner Agency's (TCE) prior registration of the identical domain name in 1993.

Upon Juris' demand that TCE cease and desist from using the juris.com domain and web site through which TCE was selling law-related services, TCE filed a declaratory judgment action and sought to cancel Juris' trademark registration on various grounds. Juris counterclaimed and later moved for a preliminary injunction, which was granted on the basis of likelihood of confusion. The court issued a broad injunction against use of juris.com, juriscom.com, or any confusingly similar domain name or mark in connection with TCE's activities.

In ActMedia, Inc. v. Active Media Int'l, Inc.,²⁴ the plaintiff owned a registration of the mark ACTMEDIA and used the trade name for a number of years. The court found that the defendant's reservation of the domain name "actmedia.com" precluded plaintiffs from reserving an Internet domain name incorporating its registered mark constituting misappropriation, false designation of origin, and dilution of the distinctive quality of plaintiffs' mark under the Illinois dilution statute.

²¹ No. C-97-3204 (N.D. Cal. Sept. 8, 1997).

²² Defendant has no relationship to designer Calvin Klein or his clothing lines.

²³ No. 96-0213-WMB(CTx) (C.D. Cal. April 26, 1996 and corrected May 22, 1996).

²⁴ No. 96C 3448, 1996 WL 466527 (N.D. Ill. July 17, 1996).

In Gateway 2000 Inc. v. Gateway.com, Inc.,²⁵ the court denied Gateway 2000 Inc.'s motion for a preliminary injunction, permitting defendant to continue use of the domain name "gateway.com." The defendant, a computer consulting business, registered the domain name six years prior and used "gateway.com" as an electronic address commencing in May 1988. Plaintiff began its company in 1985 as Gateway 2000 and obtained federal trademark registration of GATEWAY 2000, INC. in 1993.

Plaintiff filed suit claiming, *inter alia*, trademark infringement and dilution. Although the court found plaintiff appeared to own a famous mark, the evidence was insufficient to establish that plaintiff's mark was famous at the time the defendant's use began. Further, the infringement claim was denied as plaintiff failed to demonstrate that it had used the name "Gateway" as opposed to "Gateway 2000" prior to defendant's use of "gateway."

In Teltech Customer Care Management (California), Inc. v. Tele-Tech Company, Inc.,²⁶ the owner of the registered mark TELETECH obtained a preliminary injunction against defendant's use of the domain name "teletch.com". The court noted that the defendant could have used the domain name "tele-tech.com" and that the use of the hyphen (making the domain name consistent with defendant's Tele-Tech trade name) would distinguish the sites.

3. NSI As a Defendant

To stave off a domain name from being placed on hold, the domain name owner sometimes will add NSI as a defendant.²⁷ For example, in Roadrunner Computer Systems, Inc. v. Network Solutions, Inc.,²⁸ Roadrunner Computer Systems ("RCS") sued to have NSI enjoined from placing its domain name on hold because of a trademark challenge over the domain name from Warner Bros.

Warner Bros. obtained a federal trademark registration for ROAD RUNNER on August 9, 1995 and sought to challenge RCS's use of the domain name "roadrunner.com." RCS had offered computer services on the Internet using the "roadrunner.com" domain name since it was issued by NSI in May 1994.

²⁵ 1997 U.S. Dist. Lexis 2144 (E.D.N.C. Feb. 6, 1997).

²⁶ No. 96-8377, 1997 U.S. Dist. LEXIS 9590 (C.D. Cal. May 9, 1997).

²⁷ Two early cases in which NSI was included as a defendant were KnowledgeNet v. Boone, (N.D. Ill., complaint filed Dec. 2, 1994) and Fry's Electronics, Inc. v. Octave Systems, Inc., No. C95-CV-2525 CAL (N.D. Cal. complaint filed July 12, 1995). They also were the first cases to include a RICO claim against the defendants. The first settled; the second ended in a default judgment in response to "obstructionist behavior" by Frenchy Fry's proprietor.

²⁸ No. 96-413-A (E.D. Va. dismissed June 21, 1996).

RCS claimed it had not been informed of the NSI Dispute Policy until Warner Bros. challenged its domain name. In response to the challenge and to prevent NSI from putting its domain name on hold, RCS obtained a defensive trademark registration of ROADRUNNER from Tunisia. However, NSI did not accept the Tunisian registration because RCS did not submit it within the 30-day period. NSI counterclaimed, stating the Domain Name Policy was not subject to court review.

The Roadrunner case was dismissed by the court on June 21, 1996. The court held that the original dispute no longer existed between NSI and RCS because Warner Brothers agreed to obtain another domain name, "Road_Runner.com."

Since the Roadrunner lawsuit, there have been several other cases in which NSI has been sued by domain name holders requesting their domain name not be terminated by NSI, and challenging NSI's dispute policy. In each, the domain holder has denied that its activities constitute trademark infringement.

In Data Concepts, Inc. v. Digital Consulting, Inc.,²⁹ Data Concepts sought a temporary restraining order and injunction to prohibit NSI from removing "dci.com" from the registry, despite Data Concepts' use since 1993, because Digital Consulting owned the federally registered trademark "DCI." NSI agreed to allow Data Concepts to keep its domain name, if indemnified. On May 24, 1996, the parties agreed that NSI would not stop Data Concepts' use of the "dci.com" domain name until the court entered an order to that effect. Data Concepts then dropped NSI as a party to the suit.

This case is particularly important in terms of considering the efficacy of and difficulties inherent in domain name dispute policy. Here the domain holder apparently had superior common law (unregistered) trademark rights, yet was subject to loss of its established domain name based on a challenge from the holder of a trademark registration certificate.

On May 30, 1996, Philip L. Giacalone, owner of the "ty.com" domain name, filed a lawsuit against NSI and Ty, Inc., a manufacturer and distributor of stuffed animals.³⁰ Giacalone used the domain name, named after his son, for advertising his computer consulting business. Ty, Inc. owns the federal trademark registration of TY, which appears in a red heart design. Ty, Inc. first offered to purchase Giacalone's domain name. After Giacalone rejected the offer, Ty, Inc. sent a cease and desist letter to Giacalone and a letter to NSI invoking its rights under the policy. Giacalone moved for a temporary restraining order and preliminary injunction against both Ty and NSI based on his belief that NSI would be suspending his domain name and Ty would be filing a lawsuit.

²⁹ No. 96-CV-429 (M.D. Tenn., May 8, 1996).

³⁰ Giacalone v. Network Solutions, Inc., No. 96-CIV-20434 (N.D. Cal.).

In addition to the usual causes of action, Giacalone asserted "trademark misuse," alleging that Ty, Inc. was unlawfully attempting to extend the scope of its trademark registration to areas where it has no legal right to protection. A temporary restraining order was granted on June 3, 1996 and a preliminary injunction was granted on June 13, 1996. The case was settled when Giacalone agreed to transfer the domain name to Ty, Inc. for an undisclosed amount.

In Clue Computing, Inc. v. Network Solutions, Inc.,²⁸ a state court case, Hasbro objected to Clue Computing's domain name "clue.com" after it had been in use for two years. NSI planned to take away Clue Computing's domain name which, according to its owner, would put him out of business because 80% of his business was on the Internet. On June 25, 1996, for the first time, NSI was enjoined from making any change to the use and registration of a domain name until permitted to do so upon order from the court.

NSI filed an interpleader complaint in Colorado federal court naming Clue and Hasbro, which was dismissed on two grounds. Network Solutions, Inc. v. Clue Computing, Inc., 946 F. Supp. 858 (D. Colo. 1996). First, because the state court had issued an injunction preventing NSI from suspending the "clue.com" domain name, NSI did not have the right to deposit the domain name with the court for judgment. Second, and perhaps more significantly, the court found that NSI could not assert it was an "innocent stakeholder" in the typical interpleader situation, but rather was an interested party to a breach of contract proceeding.

In Lockheed Martin Corp. v. Network Solutions, Inc.,²⁹ the owner of the service mark SKUNK WORKS, sued NSI alleging contributory service mark infringement, unfair competition, and dilution because NSI had registered domain names such as "skunkworks.com," "skunkworks.net," and "skunkwrks.com." NSI filed a motion to partially dismiss the claims for failure to join indispensable parties, thereby subjecting it to potentially inconsistent verdicts. The court denied the motion since NSI could resolve any inconsistent verdicts through impleader.

B. Disputes Outside the U.S. Over Domain Names

Outside the U.S., there have been reported decisions in domain name cases in Germany, the U.K. and the Netherlands.

In Germany, the Court of Landgericht Mannheim held that the private registration of the domain name "heidelberg.de" infringed on the City of Heidelberg's rights to its own name.³⁰

²⁸ No. 96 CV 694, Div. 5 (Colo. Boulder County Dist. Ct., June 25, 1996).

²⁹ Lockheed Martin Corp. v. Network Solutions, Inc., Case No. CV 96-7438, 43 U.S.P.Q.2d (BNA) 1056, 1997 U.S. Dist. LEXIS 10314 (C.D. Cal. filed March 19, 1997).

³⁰ Decision of March 8, 1996, 7 0 60/96, Computer und Recht, 1996 at 353

In a case which bears a resemblance to the above mentioned "cybersquatter" Tooppen case, the U.K. High Court recently ordered a Michael Lawrie to hand over the domain name "harrods.com" to the famous London department store. The High Court held that the registering of this domain name, along with 50 other names corresponding to well-known companies, constituted infringement of Harrods' registered trademarks as well as passing off.³¹

Such trademark infringement was not found in two domain name cases in the Netherlands brought before the President of the Amsterdam Court in 1996. In the first case, a German Internet provider claimed that the use of the domain name "XXLINK.nl" infringed on its Benelux trademark XLINK. This claim was rejected because of the lack of similarity of the services offered by both companies.³²

The second Dutch case was initiated by the owner of the Benelux trademark "Ouders van nu" who opposed the use of the domain name "ouders.nl." This claim was also rejected by the President of the Amsterdam court who concluded that in view of the descriptive nature of the Dutch word "ouders" (which means "parents"), no infringement could be found.³³

In a third Dutch case, Flevonet, decided by the Cantonal Judge Lelystad on June 3, 1996, two persons who announced the beginning of a new business offering certain Internet services in September 1995 under the trade name FLEVONET opposed the use of the domain name "flevonet.nl" by a third party which domain name was registered in January 1996 with Centrum voor Wiskundige Informatie (CWI), the former institute responsible for registration of ".nl" domain names. On the basis of the Trade Names Act the Cantonal Judge enjoined the use of the domain name "flevonet.nl" because there was likelihood of confusion with the prior trade name.

In another Dutch case, decided by the President of the District Court at Amsterdam on May 15, 1997, investment advisor IMG Holland N.V. ("IMG") was enjoined from using the names of four banks and two insurance companies in its domain names.³⁴ The domain names registered by IMG with NSI in the ".com" TLD³⁵ gave access to IMG's website on which

³¹ Reported by Newsbytes News Network on January 8, 1997.

³² President of the Amsterdam Court, August 29, 1996 (Unpublished).

³³ President of the Amsterdam Court, September 20, 1996 (Unpublished).

³⁴ The case is cited as: President District Court Amsterdam, 15 May 1997, Rechtspraak van de Week 1997, nr. 193, Labouchere et al. v. IMG Holland.

This case was reported to the Subcommittee by Charles Gielen with Nauta Dutilh in Amsterdam.

³⁵ The domain names involved were: labouchere.com; banklabouchere.com; snsbank.com; staalbankiers.com; deltalloyd.com; ohra.com; and vsbbank.com. The words labouchere, banklabouchere, snsbank, staalbankiers and vsb are all trade names and/or service marks for the banks; the words deltalloyd and ohra are servicemarks for the insurance companies.

information was given concerning the activities of the bank or insurance company to which the domain name referred. IMG's website indicated that the information regarding the company was originating from IMG. Nonetheless, the President found that consumers would believe that the information originated from the banks and insurance companies themselves and also that use of these domain names prevented the companies from initiating websites themselves under these names. The President also rejected IMG's argument that the plaintiffs always could use a different TLD, since the evidence showed that ".com" is the most usual indication for international commercial use.

In a French case, Atlantel, an audiovisual company, invoked its company name and trademark ATLANTEL to oppose the Icare's registration of the domain name "atlantel.com." In a summary judgement dated July 22, 1996, the Tribunal de Grande Instance de Bordeaux enjoined Icare from further use of the Atlantel mark and ordered that the "atlantel.com" domain name be withdrawn.³⁶

C. *Jurisdiction*

As is true of trademark law, there is no international law of jurisdiction. In the context of the convergence of trademarks and domain names in cyberspace, questions arise as to where jurisdiction is proper should litigation ensue.

In Panavision Int'l v. Toeppen,³⁷ Mr. Toeppen, an Illinois resident, had registered "Panavision.com" and informed Panavision, a California corporation, that he would discontinue use of the domain name for \$13,000. In reviewing the three-prong test for specific jurisdiction, the California court found personal jurisdiction existed by emphasizing Toeppen's conduct of allegedly committing a tort against California. Interestingly, the court felt obligated to state that it was not holding that Toeppen was 'doing business' on the Internet, but rather that jurisdiction was based on Toeppen's conducting a scam against California.

In Zippo Manufacturing Company v. Zippo Dot Com, Inc.,³⁸ plaintiff, owner of the mark ZIPPO for lighters, filed a complaint alleging violations of the Lanham Act and state dilution claims against defendant's Internet news service providers and owner of the domain names "zippo.com," "zippo.net" and "zipponews.com."

Defendant sought to dismiss for lack of personal jurisdiction and improper venue. The court noted that defendant contracted with 3,000 individuals who subscribed to the news service and entered into agreements with several Internet access service providers in Pennsylvania (two

³⁶ Gazette du Plais, December 11-12, 1996, p. 9.

³⁷ 938 F. Supp. 616 (C.D. Cal. 1996)

³⁸ 952 F. Supp. 1119 (WD. Pa 1997).

of which in the court's district). The court found jurisdiction existed as defendant processed Pennsylvania resident applications and assigned them passwords to use the service. The fact that only a small percentage of clients were located in Pennsylvania was irrelevant. For the above reasons, the court also found venue proper.

In Hearst Corp. v. Ari Goldberger,³⁹ personal jurisdiction over a defendant who maintained a site in another state was at issue. The owner and publisher of ESQUIRE magazine brought a trademark infringement action against a New Jersey defendant operating an Internet site at the "esquire.com" domain advertising law-related services. The court held that out-of-state creation of an Internet web site accessible in New York, standing alone, would not support personal jurisdiction.

V. Domain Name System Models: Current and Proposed

In order to better evaluate solutions to the problems faced by trademark and domain name owners, the following provides a summary of several (but not all) new domain name proposals by various individuals and organizations interested in the issues. A review of the current model is also presented for purposes of comparison.

Additionally, in the July 2, 1997 Federal Register, the U.S. Department of Commerce requested comments on the registration and administration of internet domain names, by August 20, 1997. Over 400 comments were submitted, which may be accessed from NTIA's home page at: <http://www.ntia.doc.gov/> and then clicking on "Internet Domain Names Proceeding".⁴⁰ INTA's comments may be located at Appendix III to this paper and on the INTA website (<http://www.inta.org>). The U.S. government presumably is in the process of analyzing and evaluating these comments.

³⁹ 96 Civ. 3620, 1997 U.S. LEXIS 2065 (S.D.N.Y. February 26, 1997).

⁴⁰ For one-step access, type in: <http://www.ntia.doc.gov/ntiahome/domainname/domainname.html>.

A. *Current InterNIC Model*

1. Background

The current Internet domain name system was established in the 1980's with the intention of supporting alphanumeric names that would be easy-to-remember alternatives to numeric Internet protocols. A set of "top-level domain names" (TLDs) was created by IANA which includes .com (for commercial), .edu (for educational), .net (for computers of network providers, although other commercial entities have registered under this TLD), .org (miscellaneous organizations), .gov (now only agencies of the U.S. government), .mil (U.S. military), and .int (for organizations established by international treaties), and the two letter country codes from ISO-3166 (e.g., .fr for France; .jp for Japan). Registration in .com, .net, and .org is available to anyone in the world. The .us domain is rarely sought.

Inter NIC currently is the central Internet Registry (IR) for .com, .edu, .org, .net, and .gov. InterNIC administers the North America region, and all the as yet undelegated regions. The Reseaux IPEuropeans Network Coordination Centre (RIPE NCC) is the regional registry for Europe, and the Asia Pacific Network Information Center (APNIC) is the regional registry for the Asia-Pacific region.

In the country TLDs, there is a wide variation in structure. For example, in some country domains, the second levels are generic categories (such as, .ac, .co, .go, and .re), while in others they are based on political geography, and in still others, organization names are listed directly under the country code.

2. Issues

The negatives of the current system have already been outlined elsewhere in this paper. In summary, the use of vanity names, the dependence on one central registry (NSI) for the popular .com TLD which had drafted its own dispute policy, and the sometimes limited opportunity to register as a domain name one's own trademark or trade name has caused harm to the rights of a number of intellectual property owners.

B. *International Ad Hoc Committee (IAHC) Proposal*⁴

1. Background

On February 4, 1997, a plan was released by the International Ad Hoc Committee (IAHC), formed under the auspices of the Internet Assigned Number Authority (IANA) in response to issues that arose from a draft proposal put forward by Jon Postel. INTA, ISOC, Internet Architecture Board (IAB), IANA, WIPO and the International Telecommunications

⁴: This plan can be found at <http://www.gtld-mou.org>.

Union (ITU) were represented on the IAHC. INTA signed the gTLD-MoU Memorandum of Understanding implementing the IAHC plan because it is a sound blueprint which allows Internet registrants the opportunity for self-governance. INTA was instrumental in limiting the number of new TLDs proposed by the IAHC to seven. Several IAHC participants urged the creation of an unlimited number of gTLDs, a concept which INTA found unacceptable.

The IAHC plan calls for an increase from the current three generic Top Level Domains (gTLDs), i.e., .com, .org, and .net, to a new total of ten (10).⁴² The seven new gTLDs will be: .firm; .store; .web; .arts; .rec; .info; .nom.

There are no changes to .com registrations. All gTLDs will ultimately be shared among all registries. New registries will be dispersed throughout the regions of the globe. The gTLD Registrar Application Period is open from July 18 until October 16, 1997.

All applications for SLDs in the gTLDs will be published on a publicly available, publicized website, immediately upon receipt by the registrar. Such publication entries should enable trademark owners to monitor for infringements and will include:

Name of the SLD;

Contact and use information contained in the application;

A permanent tag or label indicating whether the applicant chose the option of waiting 60 days prior to assignment of the requested SLD or chose to forego the 60 day wait;

Entry validation using accepted digital signature and timestamping techniques.⁴³

Also, the applicant will agree to jurisdiction by completing the domain name application.

Each application for a domain name under a shared gTLD will contain a clause whereby the applicant agrees:

To participate in on-line mediation under the mediation rules of the Arbitration and Mediation Center of the World Intellectual

⁴² A generic TLD is a term newly coined to more accurately reflect the characteristics of these domains as opposed to the only true international Top Level Domain (iTLD), .int, for use by organizations that answer to multiple national governments, such as UN Treaty Organizations.

⁴³ These can be found at <http://www.gtld-mou.org>.

Property Association (Geneva), if such mediation is initiated by a right holder who wishes to challenge the domain name applicant's right to hold and use the second level domain name.

To participate in binding expedited arbitration under the corresponding rules of the WIPO Arbitration and Mediation Center, if such arbitration is initiated by a right holder who wishes to challenge the domain name applicant's right to hold and use the second level domain name.⁴⁴

No new procedures for on-line mediation and expedited on-line arbitration will be conducted pursuant to the existing WIPO Mediation Rules and WIPO Expedited Arbitration Rules.

In addition, the IAHC Plan includes a novel proposal for "administrative challenge panels" (ACPs) approach to marks which are deemed to be "internationally known".

ACPs procedures will be conducted pursuant to the WIPO Rules for Administrative Challenge Panel Procedures Concerning Internet Domain Names, which are under preparation by WIPO.⁴⁵ In response to concerns from the Internet community regarding the ACPs, WIPO has issued an electronic "open letter" to solicit comments on the ACPs guidelines.⁴⁶ Nothing in the IAHC plan prohibits a plaintiff from utilizing national courts.

The interim Policy Oversight Committee (iPOC) is the successor to the IAHC. The mission of iPOC is to oversee the implementation of the IAHC plan. It is expected that the plan will be fully activated in January 1998. One hundred fifty (150) entities have signed the Memorandum of Understanding (MoU). Those wishing to signal their support for the IAHC can do so by signing the MoU.⁴⁷ For information and the form, please see: <http://www3.itu.int/net-itex/gtld-mou/signat.html>.

Following its meeting in Geneva on September 1-2, 1997, iPOC has indicated that it will solicit bids for a computer-services company to create and run a single worldwide repository of Internet addresses. It is expected that the bid period will be September 26 - October 3, 1997. Also at this meeting, the proposed on-line dispute resolution procedures -- specifically for the administrative challenge panels -- were discussed, and are expected to be discussed for some time yet, with WIPO to continue soliciting comments. iPOC also is requesting comments on the

⁴⁴ This can be found at <http://www.gtld-mou.org>.

⁴⁵ For the current draft, see <http://www.wipo.int>.

⁴⁶ This letter may be located at: <http://www.wipo.org/eng/internet/domains/openlet.html>

⁴⁷ For information and the form, please see: <http://www3.itu.int/net-itx/gtld-mou/signat.html>.

constituency in the Policy Oversight Committee as well as a review of the proposed seven (7) new TLDs, through October 13, 1997.⁴⁸

2. Issues

It remains to be seen whether the addition of more gTLDs will result in a significantly increased policing burden for trademark owners and whether any such additional burden is offset by the existence of the on-line administrative domain name challenge mechanism or the other protections built into the application process (such as the requirement of detailed contact information, appointment of agent of service of process and submission to jurisdiction).

C. *NSI's New Plan*

1. Background

On April 17, 1997, NSI released a paper outlining its opposition to the IAHC plan. In particular, NSI alleges the following problems with the IAHC proposal:

- It does not provide the incentive for TLD registrars to invest in improved services.
- Risks the fragile stability of the Internet.
- Too bureaucratic.
- Too narrow and does not address the total situation.
- Dispute resolution mechanisms appear unworkable and will lead to increased conflicts.⁴⁹

To counter IAHC, NSI proposes:

- Limited regulation.
- Limited bureaucracy.
- An unlimited number of gTLDs.

⁴⁸ For more information, see <http://www.inta.org>.

⁴⁹ <http://www.netsol.com/papers/internet.html>.

- Establishment of legal sponsorship, including a two-year interim period in which the U.S. government would assume control over the Internet.⁵⁰

2. Issues

NSI's plan for the participation of the U.S. government would unnecessarily involve a national government, and contrary to the wishes of both the trademark and engineering communities, stifle industry self-regulation. In addition, an unlimited number of gTLDs poses policing problems for trademark owners, requiring them to spend infinite hours monitoring infinite gTLDs for infringing use of their marks.

NSI has publicly acknowledged, however, that it would be willing to participate in the shared TLDs if it is in the best interest of the Internet.⁵¹

D. Additional Proposals

The following section gives brief descriptions of additional proposals which have been offered by interested parties.

1. The Postel Plan

The Postel Plan (Plan) is a working document of the Internet Engineering Task Force (IETF). The Plan is predicated on the need for open competition in the awarding of domain names, and seeks to create a "legal and financial umbrella" for IANA. The formation of up to 50 global registries that would create up to 150 new international top level domains (iTLDs) was proposed. According to the proposal, the system would be funded by the payment of charter fees paid by the new registries, and the fees would be managed by ISOC.

The registration database that would result from the creation of these multiple iTLDs would be deemed to be public information and would be publicly available. Further, each registry would be required to provide "who is" look-up capability to permit searching of the database.

The availability of data remains of concern to INTA members. Creating multiple iTLDs may result in more problems for the owners of trademarks. In the first year, it would be possible for those intent on misappropriating trademarks to register the trademarks of others in up to 50 different iTLDs, potentially imposing an enormous policing burden on the trademark owner. However, some argue that creating so many new names may actually reduce the trademark

⁵⁰ <http://www.netsol.com/papers/internet.html>.

⁵¹ July 30, 1997 Forum on Internet Domain Names, Washington, D.C.

policing burden in that consumers will come to view domain names as mere addresses (their essential and original purpose) rather than symbols of goodwill. The concept of competition in the Domain Name System is favorably compared by proponents to the telephone industry, and diversity in the top level domain space is believed likely to improve service. The registration database that would result from the creation of these multiple iTLDs would be deemed to be public information and would be publicly available.

2. Random Numbers with Directory

Another approach proposed is the use of random numbers to function as address locators for Internet sites. In a random number scenario, the Internet user either has to already know the address (e.g., through a business card, ad, letterhead, etc.) or requires a facility to conduct an online "look-up" of the address.

This solution perhaps comes closest to minimizing trademark issues, while at the same time eliminating registry involvement. On the other hand, there is already considerable investment in existing, registered second level domain names. This, coupled with what appears to be a continued interest by the commercial community in such "vanity" domains for marketing purposes, makes it unlikely that a pure random number or alphanumeric system would be implemented.

3. Random Numbers and Vanity Names

David Maher and Robert Frank⁵² have offered a plan that is considered a hybrid system, because it combines features of the present NSI policy of personalized or "vanity" domain names, coupled with a system of assigning random domain names. An important aspect of the Maher/Frank plan involves the advertisement of the proposed vanity name, in a manner similar to many governments' trademark registration processes that require publication, and a period for opposition to proposed names.

The ability to register "vanity" names, although at a greatly increased cost, will be attractive to trademark owners, while trademark owners do not have to be concerned with multiple registries issuing their trademark to third parties.

4. The Rutkowski Proposal for the Establishment of a New Administrative Infrastructure

⁵² Both proponents are INTA members; Mr. Maher serves on iPOC.

A proposal for an evolutionary change in Internet administration has been put forth by Tony Rutkowski, formerly Executive Director of the Internet Society (1994-95).⁵³ Mr. Rutkowski seeks to join stockholders and experts together in a non-profit, "narrowly-tailored international InerNIC committee" which is incorporated in a "neutral, low litigation venue" (specifically, Switzerland). While he does not address an immediate remedy for the domain name problem in his proposal, Mr. Rutkowski does state that "the legal and legal process issues are so dominant that an entire specialized permanent subcommittee would seem likely."

This proposal focuses on a new governance structure for the Internet. It is neither the purpose of this paper nor the intention of INTA to endorse any proposal for a governance overhaul. Moreover, whether it is desirable to have Swiss law and courts govern these emerging issues is an open question.

5. The International Classification System

At various times in the domain name debate, it has been suggested that IANA adopt the International (Nice) Trademark Classification System to differentiate domain names in different industries. Thus, a domain name of acme.05.com can be differentiated from acme.36.com.

However within a class, several identical trademark registrations can currently co-exist. For example, "acme" for pesticides can co-exist with "acme" for baby food and "acme" for pharmaceuticals, and all would be classified in International Class 5. In addition, identical common law marks may also exist in a general classification. Since the Internet is global, this scenario then gets repeated in multiple countries. Thus, it is impossible for classes to truly differentiate global domain names.

6. Geographic Identifiers

Geographic identifiers have been proposed at various times as a solution to the domain name problem. A structure based on political geography already exists under the .us TLD.

The problem is nicely summed up: "The necessary granularity to deal with all possible trademarks and homonyms in domain name space would lead to names that essentially resemble postal addresses such as 'www.mcdonald.ap123.54thstreet.nyc.ny.us.'" Companies with multiple locations would have no interest in being pinned down to one. Portability would be an issue as well.

⁵³

Anthony Michael Rutkowski, "Toward a Stable, Effective, Global Administrative Infrastructure for Internet/Intranets/WWW and Agents." Presented at conference on Coordination and Administration of the Internet, USA Institution and Governance Panel (Cambridge, MA: Sept. 10, 1996). See <http://www.agent.org/pub/iip-amr.html>.

7. SIC Codes

Another of the alternative addressing schemes that has been proposed is the use of Standard Industrial Classification (SIC) codes to identify the specific nature of the domain name owner's products or services. SIC codes is a numbering system used by the U.S. government consisting of four-digit designations used to classify businesses by the type of activity in which they are engaged. The proposals that involve use of SIC codes would permit the same domain name to be used by different companies engaged in non-competitive activities.

The use of SIC codes seems of limited value in resolving trademark issues surrounding domain names. The reason is that SIC codes are not intended for this purpose. Further, users of the Internet do not know SIC codes, nor could they, since there is the potential for up to 9000 codes, based on the current SIC numbering system. Also, it is not clear whether and to what extent the use of SIC codes is followed outside of the U.S. There is little apparent benefit for domain name owners.

VI. The INTA Proposal for New Domain Name Dispute Resolution

The INTA Internet Subcommittee (the "Subcommittee") reviewed current policies and procedures related to the registration of domain names and InterNIC/NSI policy for domain name dispute resolution with the goal of proposing amended or alternative policy and procedure. A copy of INTA's proposal is attached here as Appendix III.

The Subcommittee recognized that in making any proposal for a workable domain name policy, a number of interests had to be considered. At the threshold is the issue that the Internet was not created solely for commercial enterprise and that domain names should not be the exclusive province of trademark owners. Thus, those with legitimate non-trademark interests in second level domain names have to be accommodated along with the rights of trademark owners. Similarly, the interests of owners of trademarks which exist in commerce concurrently for non-related products or services must be considered as do those of famous marks. Finally, it is not necessary to have a second level domain name to do business effectively or successfully on the Internet, and thus while it may be preferable to acquire the second level domain name of one's choice, it is not an absolute right and may have to bend to accommodate competing interests.

After much debate, the Subcommittee concluded that, in its opinion, the best approach to creating a comprehensive domain name dispute policy was not to create one at all, but instead to propose a *sui generis* approach which would permit a workable procedural, rather than substantive, system for domain name registration and dispute. Substantive issues, such as proper levels of use on the Internet, whether an extortion had occurred, and whether one party is entitled to domain name registration while another is not, should be left to the courts and trademark tribunals as they deem fit. There already is a growing body of domain name dispute jurisprudence which suggests that these substantive trademark law-related issues can be and are best resolved by these tribunals.

The proposal thus addressed the following procedural issues: (a) a registration procedure which would require a sufficient amount of information about a domain name applicant to allow potential challengers sufficiently to identify and locate that applicant for contact and if required, service of process, (b) a statement by the applicant as to the basis for its claim to the applied-for second level domain name, (c) a "publication" period which would allow all potential challengers of a domain name to act as required prior to the registration of the second level domain name, and (d) a renewal process for clearing deadwood, which would be combined with the current "lame delegation" procedure in the NSI Policy under which NSI voluntarily determines whether a registered name is being used and if not, removed.

VII. Conclusion

For every INTA member, designing a feasible system to protect the delicate balance of rights arising from trademarks and domain names, is a priority issue. This issue has unlimited impact on the goodwill attaching to all INTA members, corporate, individual and organization. These issues were not foreseen until recently, since the World Wide Web has begun to emerge as a significant – and virtually required – advertising, marketing and sales medium. As evidence, more than 1,000,000 domain names have been registered in the popular .com TLD.

In this paper, we have sketched the history of Internet domain names and their intersection with trademark law. Disputes between owners of trademarks and domain names have arisen and attempts by NSI to date have met with varied degrees of enthusiasm. As a result, proposals are being put forward by way of alternative. It is expected that problems will continue to present themselves faster than solutions. In response, the Internet Subcommittee undertakes to continue to cruise the highway and to report to INTA members. The opportunity is ours to contribute to the design of a system which is fluid, flexible, equitable, and, responsive to the concerns of the trademark community.

Appendix I
A Representative List of Registry Policies Accessible on the Internet

Australia (relating to .com.au only)
http://www.MelbourneIT.com.au/com_au/com.au_policy.html

Belgium
<http://www.DNS.BE/regist-doc/term-conditions.html>

Canada
<ftp://ftp.cdnnet.ca/ca-domain/application-form>

Greece
<http://www.forthnet.gr/forthnet/DNSregistrationForm.html>

Guam
<gopher://uog2.uog.edu/00/gu.domain/faq.guam>

Luxembourg
<http://www.restena.lu/registration/domainform-ascii.html>

Malaysia
<http://www.jaring.my/jaring/mynic/domain.html#note>

New Zealand
<http://servius.waikato.ac.nz/isocnz/nz-domain/co.nz-policy.html>

Singapore
<http://www.nic.net.sg/apply.html>

Slovak Republic
<gopher://sk2eu.eunet.sk/00/sk-domain/sk-domain-registration-info>

Switzerland & Liechtenstein
http://www.nic.ch/policy_03.htm

Thailand
<ftp://ftp.thnic.net/form/THNIC-domain-template.txt>

United Kingdom
<http://www.nic.uk/nominet/terms.html>

Appendix II

INTA Internet Subcommittee proposed Domain name Registry Policy

November 20, 1996

INTRODUCTION

With every new market that opens around the world trademark owners generally experience a rash of counterfeiting activity until the market matures and is brought into the mainstream of commercial and legal norms. The Internet is just such a new market, albeit a "virtual" and global one. Most trademark owners are capable of managing the counterfeiting problems posed by a developing market, which is not to say that they should be passively tolerated. Nevertheless, despite its global nature, there is nothing about the Internet that is so new or different that we need to adopt draconian and potentially unfair procedures to protect the interests of trademark owners. Indeed, the damage suffered in most domain name disputes is usually far less substantial than that found in a counterfeiting case, or even the average infringement case. Rarely is the damage lost sales or harm to reputation. Rather, in most cases, the greatest harm is that one may not be able to use one's trademark as a second level domain name on one's registry of choice (although alternate registries and higher level domain names are still available).

In short there is little to justify the current NSI/InterNIC dispute policy and its potentially unjust results. Nevertheless, Internet participants should be held accountable for their actions on the Internet, including their choice of a domain name. If their activities violate the rights of others, it should not be more burdensome than necessary for a victim to pursue legal remedies. The Proposal set forth in this paper attempts to address the legitimate interests of all trademark owners as well as all legitimate users of the Internet.

Accordingly, this paper proposes that the current NSI Dispute Policy be recognized as a failure and eliminated, that domain name disputes be left to the courts, that NICs not participate in the resolution of domain name disputes, and that all NICs worldwide adopt identical domain name registration and renewal procedures along with publicly available registries of domain names, thereby (i) ensuring accountability by domain name registrants, (ii) allowing complainants sufficient information to pursue appropriate legal remedies against extortionists and infringers, (iii) reducing "deadwood", i.e., unused domain names, (iv) increasing the available pool of domain names, (v) ensuring fair and legally supportable decisions regarding domain names, and (vi) reducing NIC legal exposure and costs by taking NICs out of the dispute resolution business.

It is assumed that the reader has a fair degree of familiarity with the problems presented by the interface of trademark law and domain names and with the current procedures for the assignment of domain names in the U.S. and abroad. If further background is required by the reader, the following articles and websites are recommended: (i) Robert Shaw, Internet Domain

Names: Whose Domain is This? (<http://www.itu.ch/intreg/dns.html>), (ii) A.M. Rutkowski. Internet Domain Names and Other Identifiers: A Roadmap Among Issues and Initiatives (<http://www.wia.org/pub/identifiers/issues-roadmap.html>), (iii) Carl Oppendahl. Analysis and Suggestions Regarding NSI Domain Name Trademark Dispute Policy, (iv) Sally Abel. Trademark Issues in Cyberspace; The Brave New Frontier, and (v) the Georgetown Law Center website: <http://www.law.georgetown.edu/lc/internic/domain.html>.

PROBLEMS WITH THE CURRENT NSI DISPUTE PROCEDURE

The problems with the current NSI/InterNIC ("InterNIC") dispute resolution policy provide much of the impetus and justification for the Proposal set forth later in this paper. In response to complaints by trademark owners about the registration of arguably infringing domain names, often for genuinely illegitimate purposes such as extortion of the legitimate trademark holder, NSI and InterNIC have instituted over time several versions of a "dispute policy" whereby NSI steps into and becomes an active player in domain name disputes.

Summarized very briefly, the current dispute policy provides that InterNIC will suspend any domain name if the complaining party can produce proof of a trademark registration from any country in the world for a mark identical to the challenged domain with an effective registration date or date of first use predating the domain name's use, and if the domain name applicant cannot produce evidence of a trademark registration for the domain name that issued before the complainant's first demand letter to the applicant.

While this and predecessor dispute policies appear to be well-intentioned attempts to address the legitimate concerns of trademark owners, they are rife with problems, including the following:

A trademark registration does not confer trademark rights in the U.S. and certain other countries, but rather merely constitutes rebuttable evidence of those rights. In the U.S., substantive trademark rights arise from actual use as a trademark. Accordingly, the current policy will sometimes accord unjust advantage to the prior registrant over the prior user who may have superior rights. This is unfair.

Under trademark law, most trademark owners do not own the right to use the mark in question to the exclusion of all others -- many similar and identical marks coexist happily and peaceably in commerce because rights are very often limited by industry and by strength of the mark in that industry. Thus, the current policy may favor the rights of one trademark owner over the legitimate coexisting rights of another, solely because one registered and the other did not. This is unfair.

Putting an active domain name on hold is effectively a form of injunctive relief, granted by InterNIC after the registrant has invested in the challenged domain name. Thus, in some circumstances, the dispute policy will allow certain trademark owners to trump the legitimate rights of other trademark owners and obtain the equivalent of injunctive relief, without meeting the stringent standards for such relief required by law. This is unfair.

InterNIC and other NICs are fundamentally unsuited to play a judicial role, particularly since domain name/trademark disputes are highly contextual in nature and require a close

examination of the facts and equities of each case in order to reach a fair result. No amount of tweaking the current dispute policy will remedy this.

InterNIC risks being pulled into court whenever they put an active domain name on hold – this is a resource drain on the NIC, whose resources are better spent on NIC administrative activities, rather than funding litigation to defend the dispute policy.

In short, the current dispute policy does not serve the interests of all trademark owners, but only some. The policy can result in injustice and it can get the NIC dragged into court (often to prevent just such an injustice) because the NIC is playing a judicial role that it is neither authorized nor competent to play.

PROPOSAL

The following Proposal recognizes the inherent problems with any NIC inserting itself into a domain name dispute. Accordingly, it is proposed that NICs not have any dispute procedure at all. Rather NICs should adopt domain name registration procedures that ensure registrant accountability, while leaving dispute resolution to the courts where it belongs.

I. Initial Registration Procedure

A. The Application: All applications for assignment of a second level domain name should include the following:

1. Applicant's name, business or residential address, email address, fax and phone number(s).
2. The state or country of incorporation or partnership (if applicable).
3. Certified copy of the certificate of incorporation or partnership (if applicable).
4. The name and address of the designated agent for service of process, which may be the applicant in the case of an individual. The applicant will be required to designate an agent for service of process for all matters affecting the registration and use of the domain name applied for.
5. A sworn statement by the individual applicant or by an officer or general partner of a corporate or partnership applicant:
 - (a) that there is a bona fide intent to use the domain name publicly within 60 days of registration, and a bona fide intent to continue such use for the foreseeable future.
 - (b) that the domain name will be used for [fill in the blank, e.g. "for a website to advertise applicant's candy manufacturing business"].

This may be a broad statement and is not intended in any way to restrict actual use. However, to the extent that a commercial use is intended, this statement should identify the industry in which the use is intended to be made and should indicate which of the following uses will be made: (i) website, (ii) email, (iii) bulletin board, etc.

- (c) that the applicant believes that the domain name is available and that its intended use will not infringe any rights of any other party.
- (d) that the reason for requesting this particular domain name is [check one of the following]:

_____ applicant's company name or abbreviation thereof

_____ applicant's trademark or abbreviation thereof

_____ individual applicant's name or abbreviation thereof

_____ Other (provide full explanation)

- (e) that applicant admits to the personal and subject matter jurisdiction and venue of any competent tribunal in the country where the NIC resides for purposes of any action brought under trademark law, unfair competition laws, or similar/related laws arising out of actual or intended use of the domain name applied for; and applicant waives all rights to challenge personal jurisdiction, subject matter jurisdiction, and/or venue.

- 6. The application must be in writing and signed with a real signature (until digital signature technology is considered commercially reliable and legally binding). This can be done by making the application downloadable and printable, so that it can be completed, signed, and returned to the NIC.

- B. **Examination:** The application would be immediately examined for completeness by the NIC. Incomplete applications would be rejected. No other examination is contemplated.
- C. **Publication:** Complete applications would be "published" by the NIC on a publicly available website for 90 days before the registration becomes effective and before the applicant may begin use. The publication should be reasonably prompt, preferably no later than one week after receipt by the NIC of the application.

II. Renewal Procedure

- A. **Timing:** Renewal would be required annually.
- B. **The Renewal Application:** The renewal application should include the following:
1. Applicant's name, business or residential address, email address, fax and phone numbers.
 2. The state or country of incorporation or partnership (if applicable).
 3. Certified copy of the certificate of incorporation or partnership (if applicable), but only if there has been a change in status (e.g., change of state of incorporation) since initial application or last renewal.
 4. The name and address of the designated agent for service or process, but only if there has been a change since initial application or last renewal.
 5. A sworn statement by the individual applicant or by an officer or general partner of a corporate or partnership applicant:
 - (a) that the domain name has actually been used for [fill the blank, e.g. "for a website to advertise applicant's candy manufacturing business"]. This may be a broad statement and is not intended in any way to restrict actual use.
- However, to the extent that a commercial use is being made, this statement should identify the industry in which the use is being made and should indicate which of the following uses are being made: (i) website, (ii) email, (iii) bulletin board, etc.
- (b) that the application believes that the domain name continues to be available and that its actual use does not infringe any rights of any other party.
6. The renewal applicant must be in writing and signed with a real signature (until digital signature technology is considered commercially reliable and legally binding).
- C. **Examination / No Publication:** Renewal applications would be examined only for completeness, but would not be published. If complete, the domain name registration continues undisturbed. If incomplete or not received within an appropriate grace period (e.g., no more than 10 days) following the deadline, the domain name would be suspended and ultimately removed.

III. Public Registry

The NIC would maintain a public domain name registry, regularly updated a minimum of every 60 days (preferably more often) to include newly registered, renewed, and expired domain names.⁵⁴ The application and renewal information would be available on-line and any supporting documentation would be available for a reasonable copying fee. (It is anticipated that commercial watch services would develop to watch the various registries around the world on behalf of trademark owners and other interested parties).

IV. Lame Delegation (Deadwood Removal)

It is intended that the renewal process combined with third-party policing will take care of a great deal of "deadwood" domain names, i.e., domain names that are not in actual use. However, given that the Renewal is annual, and given that renewers may not always be completely honest on their Renewal applications, it is hoped that the NIC would be able to maintain a "lame delegation" procedure whereby the NIC regularly (e.g., quarterly) pings domain names for server response and removes non-responding domain names after a specified period of time, e.g., 60 days. Further investigation is required as to whether the lame delegation procedure is technically feasible and can be fairly and practically implemented.

V. Dispute Procedure

The NIC would maintain no separate dispute procedure. It would not place disputed domain names on hold or in suspension (except at the request of the domain name registrant). It would however always abide by any order of any court with jurisdiction.

WHY THIS PROPOSAL IS A BETTER SOLUTION

Some may argue that this Proposal is not a solution on the dispute front because it requires a victim of infringement to go to court, and incur substantial cost and inconvenience in the process. But going to court is how civilized societies deal with infringements of rights and other wrongs. There is no legitimate reason why domain names should be treated differently than other forms of infringement. On the other hand, when one wants to participate in society in a manner that may result in the infringement of another's rights, one must be accountable for one's activities. Again, there is no reason why this principle of civilized society should not apply to activities on the Internet. In a nutshell, this Proposal requires infringement victims to go to court for redress, while ensuring that domain name registrants remain accountable (and thus suable) for their choice of a domain name.

⁵⁴

Note that publication of domain name applications would occur within one week of receipt of a complete application, as described above.

However, this Proposal goes further than just addressing the injustices of the current InterNIC dispute policy. This Proposal is an integrated approach that addresses many of the issues arising out of the global nature of the Internet: domain name extortion/piracy, warehousing of domain names, "deadwood" (i.e., unused names) on the register, and the need for a public database. Advantages of this Proposal include the following.

Global Nature of The Internet: The Internet is global, and use of a domain name is instantly global use. The global nature of the Internet is greatly increasing the pressure to fully "internationalize" trademark law. However, the development of an international body of trademark law, and the process of the nations of the world acceding to that law, will take many years. In the meantime, this Proposal will allow for the application of national trademark laws around the world in as predictable a way as possible.

Quick Implementation: This Proposal can be implemented relatively quickly at least in the U.S. Its adoption by NICs around the world should be far less controversial and difficult than any competing proposals, such as those that contemplate an international body of trademark law. This Proposal provides an immediately workable solution that can be implemented while longer-term, more comprehensive solutions are considered and possibly implemented.

Fairness: In disputes between legitimate trademark holders and/or legitimate domain name holders/users, this Proposal would even the playing field and ensure that nobody has an unfair advantage in the resolution of the dispute.

Extortion/Piracy: In disputes with extortionists, pirates, and other nefarious types, this Proposal makes it harder for the extortionist to register a domain name and to maintain that registration, and it makes it much easier for a challenger to launch a court challenge against an alleged extortionist, infringer, and the like, as follows:

- > One problem trademark owners have had in dealing with potentially infringing domain name owners is being able to locate them and serve them with effective process. The domain name application addresses this issue by identifying the actual owner on a publicly available registry and by requiring the owner to designate an agent for service of process.
- > A similar problem exists in obtaining personal jurisdiction over domain name holders. The Proposal requires a domain name applicant to admit to jurisdiction in the country of the NIC, which is a reasonable condition of doing business in the country of the NIC.
- > The Proposal requires the domain name applicant to identify the reason for the choice of domain name and the intended use. Where the domain name applicant intends a legitimate use, this information simply advises potential challengers of information that is useful in deciding whether to challenge the use. Where the applicant's purpose is not legitimate, this requirement will make it harder to register and will "get his lies on the record," thereby increasing the ease with which the use will be challenged. It should also have some prophylactic effect in that the casual wrong-doer or prankster is not likely to be willing to make a fraudulent sworn statement.
- > The publication period will permit an adequate amount of time for a challenger to take whatever legal or other action it deems necessary to protect its rights, including filing a lawsuit.

and even obtaining temporary relief. At a minimum, a challenger will be able to put the applicant on notice of any claim of infringement. The 90 day publication period would allow for appropriate action to be taken before the applicant has invested in, and begun use of, the domain name. It should, in most cases, avoid the more dramatic relief of enjoining use of a domain name already in use. And where a plaintiff has not taken advantage of the publication period, but challenged after use has begun, then that fact will be considered by a court balancing the equities of any injunctive relief it may be considering.

> The renewal process will make it very difficult for an extortionist or warehouser to maintain a domain name past the annual renewal date, since some actual use must be sworn to in the renewal application. Additionally, the renewal process will ensure that the register remains sufficiently up-to-date as to be useful to potential challengers.

Warehousing and Deadwood: This Proposal would make it far more difficult to warehouse marks, due both to the requirements of the initial application process and to the requirement of annual renewal. Additionally, annual renewal should clear most "deadwood" from the register.

Public Registry: The requirement of a public registry will allow "sunshine" into the process of domain name registration and will allow trademark owners and other interested parties to more effectively search and police domain names. And there should be no legitimate objection to making the application and renewal information publicly available - none of the information is sensitive, and it is the same sort of information that is currently publicly available on trademark and company name registries and in phone books around the world. There can be no legitimate objection by responsible and accountable individuals and entities to having this information available on a public registry.

NIC Resources: This Proposal gets NICs out of the dispute resolution process and allows them to conserve their resources for their administrative functions rather than for legal defense of their own policies. Accordingly, it is believed that NICs will be more likely to favor this approach.

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Mr. PEASE. Thank you, Mr. Kirk.

**STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR,
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION**

Mr. KIRK. Thank you, Mr. Pease. We appreciate the fact that the subcommittee is holding the hearing this morning on what has become a very thorny and contentious issue affecting the rights of U.S. trademark owners.

The registration and use of domain names creates significant protection and enforcement problems for trademark owners because domain names, which often incorporate trademarks, are treated as unique assets which can be held by one and only one owner. On the other hand, most trademarks are not unique assets, as evidenced by the existence of identical marks on different goods and services.

This fundamental difference between domain names and trademarks is what creates one of the difficulties. The treatment of domain names as unique assets has given rise to the registration and use of domain names by cyber-squatters, as Chairman Coble mentioned in his opening statement.

While there have clearly been difficulties for trademark owners created by domain name registrations, the AIPLA believes that existing United States law has been up to the task of allowing trademark owners to fairly resolve domain name disputes in this country.

For example, trademark owners have, as Commissioner Lehman mentioned, successfully employed the new antidilution statute to terminate use of their marks as domain names by cyber-squatters as well as by garden variety trademark infringers.

Those trademark owners who do not possess a famous trademark have relied on other statutory provisions of the Lanhan Act to protect their rights. Thus, while we expect that illicit activity can be addressed by vigorous enforcement of the now developed case law, there remain the problems of multiple businesses using the identical trademark for different goods and services and the fact that trademark owners must sometimes engage in litigation against cyber-squatters to protect their trademark rights.

While we applaud in principle the efforts of the Internet Society and the Internet Assigned Numbers of Authority to develop proposals for enhanced domain name registration and management, certain of the resulting proposals and recommendations may exacerbate the protection and enforcement problems for trademark owners.

It is certainly conceivable, if not likely, that some trademark owners will make a mad dash to register domain names in as many of the seven new gTLDs as possible in order to preempt other entities with identical or similar trademarks and trade names from doing so. The existence of new gTLDs may also increase the opportunities for cyber-squatters.

We believe that there simply must be greater involvement by a wider constituency in designing the future of the Internet than has been the case to date. The Government of the United States should take a lead in developing a binding international framework both for the creation and registration of new gTLDs and for formulating

a binding conflict resolution policy both for existing and new gTLDs.

Trademark domain name dispute resolution rules could be the subject of a new international trademark agreement under the auspices of the World Intellectual Property Organization with meaningful involvement and participation by trademark owner interests.

This suggestion does not mean that any government or international intergovernmental organization should take control over the administration of the Internet. We believe that the private sector is best equipped and motivated to handle these responsibilities.

What we are suggesting, however, is that an international framework for governance of the Internet should be established, with participation of governments, in as rapid a time frame as possible.

We believe that presently available technology, if properly utilized, can dramatically alleviate most trademark protection and enforcement problems that now inherently arise from the treatment of domain names as unique assets. Specifically, we favor the development and use of a searchable, telephone-directly-type system for domain names and the corresponding development of a centralized worldwide database of trademarks and domain names that could be correlated to one another.

We envision a yellow-pages-type directory which will allow Internet users to search through multiple trademark, trade name, or surname listings at a single Internet address where the users could then have direct linkage to the home page or web site corresponding to a given listing.

For example, under such a directory system, an Internet user who typed in the domain name "United" would be routed to a directory page where all the listings for United would appear alphabetically.

If the user, upon reaching the directory page, types in United Airlines or clicks on the United Airlines listing, he or she would be taken directly to that company's home page or web site. The domain name itself would then become largely irrelevant because the directory would become the most common means of access. The user could also bookmark or save addresses for future use without having to go through the directory process a second time.

There is a question concerning how and by whom a directory should be developed, operated and administered. If the United States were to take the lead in developing a binding international framework, a directory system could be one part of that process to reduce the conflicts and tensions that we have experienced.

We recognize that this is not a complete answer to all of the problems, but we believe it will go a long way toward resolving many of them. We commend you again for holding this hearing, and we look forward to working with you in any way that we can to resolve these conflicts. Thank you.

[The prepared statement of Mr. Kirk follows:]

PREPARED STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR, AMERICAN
INTELLECTUAL PROPERTY LAW ASSOCIATION

The CHAIRMAN, I am pleased to have the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on the various trademark-related issues arising from the registration and use of domain names on the Internet.

The American Intellectual Property Law Association is a more than 10,000 member, national bar association whose membership primarily consists of lawyers in private and corporate practice, in government service, and in the academic community. AIPLA members comprise a wide and diverse spectrum of individuals involved directly or indirectly in the practice of patent, trademark, copyright, trade secret and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property, including many large and small businesses that make commercial use of the Internet via websites or otherwise provide services over the Internet.

We congratulate you, Mr. Chairman, for holding this hearing on what has become a very thorny and contentious array of issues affecting the rights of U.S. trademark owners. These issues have exploded upon us with the growth in domain name registrations in this country—from only 200 per month two years ago to more than 125,000 registrations per month today. The vast majority of this growth has been by commercial users and it is this reality which has caused the current difficulties for trademark owners. It is time for a more direct and assertive role to be played by the Government in crafting an international framework for handling problems facing trademark owners.

The Problem

The registration and use of domain names creates significant trademark protection and enforcement problems for trademark owners because domain names, which often incorporate trademarks as well as generic terms, are treated as unique assets that can be held by one and only one owner. This stems from the technological fact that a domain name is an easy-to-remember word, or combination of letters or alphanumeric characters, that corresponds to an underlying unique Internet Protocol ("IP") number that is used to address computers and route traffic on the Internet.

A "Top Level Domain" (TLD) registry presently exists for each country. There is also a registry in the United States which is responsible for registering domain names which are sometimes referred to as international TLDs (iTLDs) or as generic TLDs (gTLDs). These include the TLDs .com, .org, and .net. Unlike most TLDs which are country specific and cannot, therefore, accept registrations on a worldwide basis, gTLDs can accommodate registrations from anyone in the world. Approximately eighty percent (80%) of registrations by United States entities occur in the .com gTLD and there is extensive non-U.S. use of this gTLD. Network Solutions, Inc. is currently the exclusive registry for the .com, .org, and .net gTLDs under a contract with the National Science Foundation which is scheduled to expire in March 1998, with a possible one-time, six-month renewal.

When an Internet user inputs "http://www.aipla.org," the domain name "aipla.org" is correlated by appropriate software to an IP number and the user is then routed to the appropriate designation. Moreover, the very fact that the Internet is a global medium makes the AIPLA's website accessible throughout the world by inputting the above-mentioned domain name. On the other hand, most trademarks are not unique assets, as evidenced by the existence of identical trademarks on different goods and services. Trademark rights have historically been territorial in nature. Trademark registrations issued by federal and state governments extend only to the territorial limits of the sovereign entity issuing the registration. This fundamental difference between domain names and trademarks is what creates the difficulties. The problems are exacerbated in the situation of famous marks which are unique assets and which, by virtue of their fame, may be afforded some protection even in jurisdictions where they have not yet been registered.

Some examples will illustrate the difficulties with domain names. First, consider that there are many trademarks that include the word "United," including United Airlines, United Van Lines, and United Bank. At the same time, only one of these entities could exclusively hold the domain name "united.com" even though each entity in theory has a right to claim that domain name. Nevertheless, since domain names are currently registered on a "first come first served" basis, only the first of these trademark owners to register united.com will get the exclusive right to hold that domain name.

Second, ownership rights in many trademarks are globally divided. For example, the Scrabble trademark is owned by one entity (Hasbro) in the United States and Canada and another entity (Mattel) throughout the rest of the world. Here again, each entity could legitimately claim rights to the scrabble.com domain name and argue that it should be available only to that entity.

Third, some trademarks in fact correspond to commonly used surnames, such as Miller and Avery, that are legitimately used by other entities as their surnames. Here, problems can arise for a trademark owner, such as Miller Brewing Company,

when an individual registers his or her surname as a domain name (e.g., miller.com) for an e-mail account or for some other purpose.

The above-mentioned examples generally involve instances where trademark owners or individuals using their surnames at least theoretically have some legitimate claim to a domain name. However, the treatment of domain names as unique assets has also given rise to the registration and use of domain names by entities for illicit purposes. An infamous example of illicit use is that by so-called "cybersquatters," a coined word used to refer to entities who register another's trademark as a domain name and then try to sell the domain name back to the trademark owner. *Panavision Int'l., L.P. v. Toeppen*, 938 F. Supp. 616 (C.D. Cal. 1996); *Intermatic, Inc. v. Toeppen*, 41 USPQ2d 1223 (N.D. Ill. 1996). There are also other instances, *Planned Parenthood Federation of America, Inc. v. Richard Bucci*, 42 USPQ2d 1430, 1432-33 (S.D. N.Y. 1997) where entities register a trademark as a domain name primarily to make a political or other statement. Finally, there are more classic cases of trademark infringement or trademark dilution where an entity registers another's trademark as a domain name for the purpose of trading on the goodwill inherent in the trademark, *Cardservice International Inc. v. McGee* 42 USPQ2d 1850 (E.D. Va. 1997).

Some have suggested a review process for domain name registries akin to that which the United States Patent and Trademark Office (USPTO) undertakes in determining whether to issue a trademark registration. Such a review process includes a determination as to whether a trademark, if registered, would be likely to cause confusion as to source of origin, sponsorship, or affiliation with another previously-registered or used trademark. The AIPLA believes that pre-screening of applications for domain name registrations, other than the automatic computer-generated rejection that ensues when an entity attempts to register a name identical to one already registered, is neither desirable nor feasible for a variety of reasons. Even a streamlined review process for domain name applications could significantly delay the registration of domain names which, unlike trademarks, cannot be used until registered.

In addition, pre-screening domain name applications prior to registration would necessarily increase the expense of obtaining a domain name registration many fold, (although some additional care to make it more difficult to circumvent the system by, for example, merely including a dash or removing a space between two terms otherwise taken, e.g. Coca-Cola, Cocacola, may be warranted).

Since the vast majority of Internet domain name registrations do not conflict with any trademark rights due to their completely generic nature, there is very little practical enforcement benefit from pre-screening domain names prior to registration. Only a very small fraction of 1% of these registrations has ever resulted in any complaints by trademark owners about a particular registration.

Adequacy of Trademark Law

While there have clearly been difficulties for trademark owners created by domain name registrations, the AIPLA believes that existing United States law has been up to the task of allowing trademark owners to fairly resolve domain name disputes. Further, while the protection and enforcement of trademark rights needs to be bolstered in certain foreign countries, a number of foreign countries likewise have adequate laws in place. Specifically, in the United States, trademark owners have successfully employed the United States anti-dilution statute to terminate use of their marks as domain names by cybersquatters and garden variety trademark infringers. *Panavision Int'l., L.P. v. Toeppen*, 94 F. Supp. 1296, 1304 (C.D. Cal. 1996); *Intermatic Inc. v. Toeppen* 41 USPQ2d 1223 (N.D. Ill. 1996). Moreover, while the anti-dilution statute on its face applies only to famous marks, the courts have expansively construed "famous" to include even locally famous trademarks. *Tele Tech Customer Care Management Inc. v. Tele-Tech Co.* 42 USPQ2d 1913, 1916-18 (C.D. Cal. 1997). It is, of course, true that those trademark owners who do not possess a famous trademark will need to rely on the other statutory provisions of the Lanham Act, notably the trademark infringement, false description and false designation of origin provisions. However, this is no different a legal recourse than such trademark owners would have with respect to non-Internet-related infringement, dilution or unfair competition. Moreover, a growing number of courts have allowed the Lanham Act to be asserted against foreign domain name registrants whose Internet websites are accessed by entities in the United States. Thus, we expect that illicit activity can be addressed by vigorous enforcement of now-developed case law. However, there remains the problem of multiple businesses using the identical trademark for different goals and services. As outlined above, only one business entity can currently obtain a domain name in the commercially-desirable .com gTLD.

Proposals to Relieve the Pressure on .com

Concerned about the exponential explosion of use of the Internet, the Internet Society, together with the Internet Assigned Numbers Authority, established an International Ad Hoc Committee (IAHC) to develop proposals for enhanced domain name administration and management. The Final Report of the IAHC recommended establishing seven new gTLDs: .firm, .store, .web, .arts, .rec, .info, and .nom. It also recommended the creation of a Memorandum of Understanding on the Generic Top Level Domain Name Space of the Internet Domain Name System (gTLD-MoU) to implement the IAHC recommendations. It also recommended the creation of a Council of Registrars (CORE) through another Memorandum of Understanding (CORE-MoU). The CORE-MoU establishes the basis under which CORE and the Registrars for the new gTLDs must operate.

The IAHC Final Report, the gTLD-MoU, and the CORE-MoU all contain provisions addressing the conflict between domain names and trademarks. The IAHC Final Report proposed the policy that second level domain names which are identical or closely similar to names which are internationally known and for which demonstrable intellectual property rights exist should only be held by or with the authorization of the owner of such rights.

The CORE-MOU requires Registrars of the new gTLDs to include in agreements with applicants for domain names their consent

to submit to on-line mediation (and optionally arbitration) any controversy regarding the registration of a domain name before the WIPO Arbitration and Mediation Center, and

to be bound by any decision of an Administrative Domain Name Challenge Panel (ACP) in accordance with WIPO ACP Rules.

It should be emphasized that these procedures and commitments do not apply to the existing gTLDs. The CORE-MoU will also set forth in an appendix Substantive Guidelines Concerning Administrative Domain Name Challenge Panels.

While the AIPLA applauds, in principle, efforts to facilitate global harmonization of domain name registration and conflict resolution, certain of these proposals may exacerbate the protection and enforcement problems for trademark owners. It is certainly conceivable, if not likely, that some trademark owners will make a "mad dash" to register domain names in as many of the new gTLDs as possible in order to preempt other entities with identical or similar trademarks and trade names from doing so. The existence of new gTLDs may also increase opportunities for cybersquatters.

In this connection, we are quite concerned about the impact which the CORE-MoU's Substantive Guidelines Concerning Administrative Domain Name Challenge Panels, the latest draft of which was issued on October 2, 1997, will have on U.S. trademark owners. Although the Guidelines attempt to address the difficult issues involved in fairly allocating rights between trademark owners and domain name registrants, they leave many questions unanswered.

While the Guidelines appear to recognize the need to consider substantive standards in resolving conflicts, they only list "factors" which ACPs may consider in domain name disputes. Without more specific principles dealing with issues such as confusion, dilution, etc., the outcome of challenges could well depend too heavily on the comparative financial strength of the parties. The open-ended standards envisioned by the Guidelines also would, in many circumstances, place an impossible burden on small entities and individuals who have not established worldwide intellectual property rights. A small entity or individual faced with the prospect of marshaling and presenting a body of evidence regarding a long list of possibly relevant factors would, in many cases, be forced to give in to a larger, better funded opponent. The Guidelines should embody clearer substantive standards which would make the system fairer and more consistent for all parties.

We are also concerned that the Guidelines do not appear to adequately, if at all, recognize common law trademark rights as sufficient to support a challenge to a domain name registration (see Paragraphs 12 and 15). Common law trademark rights are recognized and enforceable in the United States, and are of significant value to many U.S. businesses, especially small businesses. Guidelines in which common law rights are not recognized would not adequately serve U.S. business interests.

An International Framework

We believe that there simply must be greater involvement by a wider constituency in designing the future of the Internet than has been the case to date. The Internet Society, the Internet Assigned Numbers Authority, the International Ad Hoc Committee, and the Interim Policy Committee have all worked very hard to address the problems confronting the Internet and particularly the problems which are pre-

sented for trademark owners. However, we fear that the process has not been sufficiently inclusive of all affected interests and particularly that there has been insufficient involvement by the United States Government and a broad spectrum of U.S. interests in overseeing and guiding this process.

While the Internet is global in nature, it is a creation of the United States, indeed the United States Government. As mentioned earlier, the contract of the existing registry for domain names in the United States will expire next year and we are not aware of any plans by the National Science Foundation to ensure the continued effective functioning of the existing system. Moreover, we must not lose sight of the fact that the proposals developed by the International Ad Hoc Committee do not address the existing gTLDs, particularly the .com gTLD, which has been the source of so much pressure and controversy. NSI has registered nearly 1.5 million domain names in the .com gTLD and mostly to U.S. entities.

The Government of the United States should take the lead in developing a binding international framework both for the creation and registration of new gTLDs and for formulating a binding conflict resolution policy both for existing and new gTLDs. This conflict resolution policy should include efforts to harmonize trademark laws as they affect domain names. The creation and registration of any new gTLDs as well as the connection between existing and any new gTLDs might well take the form of an agreement under the auspices of the International Telecommunications Union (ITU) while the trademark/domain name dispute resolution rules could be the subject of a new international trademark agreement, under the auspices of the World Intellectual Property Organization (WIPO) with meaningful involvement and participation by trademark owner interests. While it is true that both of these organizations are currently involved, they appear to be moving forward without any input, control or oversight by the Government of the United States or other countries. In fact, one needs only look at the list of signatures for the gTLD-MoU to see that it is essentially devoid of any signatures of the United States and other industrialized countries as well as the representatives of any major industries in the United States, Europe and Japan.

Our urging should not be taken as a suggestion that the United States or any other government or international intergovernmental organizations, such as WIPO or the ITU, should control or take over administration of the Internet. To the contrary, we believe that the private sector is best equipped and motivated to handle these responsibilities. What we are suggesting, however, is that an international framework for governance of the Internet should be established with the participation of governments in as rapid a time frame as possible. Technology and the Internet are evolving with great rapidity. If action is not taken in the near future, we may well have a fracturing of the Internet with one Internet system of existing gTLDs administered in the United States (by whom we do not know) and a second Internet controlled and administered by a very limited set of actors headquartered in Switzerland. This, Mr. Chairman, is why this hearing is so appropriate and timely.

A Possible Solution

The AIPLA believes that presently available technology, if properly utilized, can dramatically alleviate or even virtually eliminate most trademark protection and enforcement problems that now inherently arise from the treatment of domain names as unique assets. Specifically, the AIPLA favors the development and use of a searchable, telephone directory-type system for domain names and the corresponding development of a centralized world-wide database of trademarks and domain names that could be correlated to one another. The AIPLA also applauds and favors the emerging use of so-called "Gateway pages" or customized directories that effectively permit identical trademark owners to avail themselves of identical domain names.

In terms of a directory, we envision a "yellow pages" type directory which would allow Internet users, as well as trademark attorneys and other interested parties, to search through multiple trademark, trade name or surname listings at a single Internet address where the users could then have direct linkage to the home page or Website corresponding to a given listing. For example, under such a directory system, an Internet user who typed in the name "United" would be routed to a directory page where all of the listings for "United" would appear alphabetically. If the user, upon reaching the directory page, types in "United Airlines" or clicked on the United Airlines listing, he or she would be taken directly to that company's home page or website. The domain name itself would then largely become irrelevant, because the directory would become the most common means of access. The user could also "bookmark" or save addresses for future use without having to go through the

directory process a second time, much like putting the address into an electronic or conventional organizer.

Further, the use of the "Gateway page" option permits identical trademark or trade name owners to effectively share a generic home page for a domain name like united.com or scrabble.com. The home page would then contain icons or links that would take the user to each trademark owner's separate website. Thus, under this option, a user would type united.com and, upon arriving at the home page, be presented with listings of United Airlines, United Van Lines and other United companies and brands, with links to their particular websites. There is in fact growing precedent for this pragmatic solution, as recently reflected in a lawsuit settled between Mattel and Hasbro over the domain names scrabble.com and scrabble.org.

A related question concerning directories is how and by whom they should be developed, operated and administered. While the AIPLA certainly believes that governments should have a guiding role in establishing a secure and stable directory system, we have serious reservations about the creation of an international bureaucracy to govern the Internet. Rather, we believe the government's role should be to guide and encourage the private sector, such as domain name registrars and Internet service providers, to develop such a system which the marketplace would then self-regulate for reliability and comprehensiveness. Like existing telephone directories, this could also be done on a regional basis (e.g., each country could have its own directory) or globally. If the United States Government were to take the lead in developing a binding international framework, a directory system could be mandated as one step in reducing the conflicts and tensions we have experienced. The AIPLA recognizes that some trademarks are indeed unique assets, e.g. Coke, Kodak, which when embodied in domain names, should be accorded exclusivity across the board. We are also aware that some domain name holders assert the exclusivity of their domain names, irrespective of the fame of the trademark or the extent of pre-existing third-party usage of similar trademarks, trade names and surnames. It may, therefore, ultimately be necessary for international agreements and national legislation to implement a directory system.

We again commend you, Mr. Chairman, for holding this hearing and we look forward to working with you to craft a resolution to the trademark/domain name conflicts which is in the best interests of U.S. industry and trademark owners.

Mr. PEASE. Thank you, Mr. Kirk. As I am sure you are aware, there is a vote on in the House. We will recess until the fall of the Chairman's gavel.

[Recess.]

Mr. COBLE (presiding). Again, folks, I apologize for the delay, but that is the nature of the beast.

Mr. Kirk, had you completed? Did you have anything additional you wanted to add?

Mr. KIRK. I did not, Mr. Chairman.

Mr. COBLE. Good to have you with us, sir. Mr. Battista.

STATEMENT OF GABRIEL A. BATTISTA, CHIEF EXECUTIVE OFFICER, NETWORK SOLUTIONS, INC.

Mr. BATTISTA. Okay, good. Well, I will go right ahead.

Good morning, Mr. Chairman, members of the subcommittee. I am Gabe Battista, the Chief Executive Officer of Network Solutions, Incorporated. I certainly welcome the opportunity to appear before you today to address what we at Network Solutions believe to be one of the issues affecting the future development of the Internet, the trademark-domain name controversy.

In my few minutes here this morning, let me give you an overview of the issue, a sense of the legal problems involved, tell you how we, Network Solutions, have managed the problem, present some actual statistics indicating the size of the problem, and finally offer some observations for the future.

First, when the Internet began, few were worried about the trademark law. The Internet, largely a military research and edu-

cation medium for the Defense Department and academics, was not being used for commercial purposes.

With the onset of commercial usage in early 1995, conflicts surfaced between trademark owners and domain name holders. By its very nature, the Internet is international. It knows no borders. Once connected, the entire globe is accessible. It didn't take long for the commercial interests here in the United States and the international community to see the value in this new medium as a marketplace.

Existing side by side with this new medium was the law of trademarks with all of its complexity. There are common law trademarks, federally registered trademarks, State registered trademarks, and trademarks which are licensed by the owners to others.

Then of course, there are also trademarks registered by 170 countries all over the world, with differing standards and procedures for registration, enforcement, opposition, and maintenance. And finally there are various applicable international treaties.

There is no uniform, consistent body of trademark law to which the world adheres. International trademark protection is complex, as each country has different rules and requirements. And most critical to our purpose here, none of it speaks to the relationship between trademarks and domain names.

As the Internet commercialized, and more and more domain names were registered, those domain names were viewed by trademark owners as identical to their trademarks or similar enough to be confusing to the public.

The Internet's 21st century boundary free, worldwide technology began to collide with the 19th century territorial trademark law. These two very powerful groups, trademark owners, approximately 800,000 alone on the U.S. Patent and Trademark Office's Act register, and domain name holders, now approximately 1½ million just at Network Solutions, began to complain about each other.

Let us look at the legal problem. On the one side, the trademark owners of the world have spent vast sums instilling their trademarks with value. Pepsi-Cola Company, for example, estimates its trademark to be worth \$30 billion. They are intent upon protecting it.

To trademark owners, the Internet is just another medium, like billboards, radio, and television. Trademark owners argue that the use of their trademark by others on the Internet confuses the public and dilutes their valuable asset. There is a presumption in this position, however; trademark owners presume that a domain name is synonymous with a trademark.

On the other side, we find the domain name holders who have registered their domain names on a first-come first-serve basis and who may or may not use that name for commercial purposes. They are affronted by aggressive and powerful trademark owners who, as they see it, only now see the benefits of this new and emerging medium.

Domain name holders feel that they have "senior" rights to their domain names on the Internet through prior use, and they have contracts with the registrar to have those domain names.

Most of these disputes do settle. Only the most aggressive actually sue each other to resolve the matters between them. Those

trademark owners who do sue, sue for infringement, dilution, unfair competition, and related causes of actions.

Trademark owners contend that the domain name holder is using a domain name in commerce and confusing the public. Trademark owners argue that the Internet crosses all borders and affects their trademarks worldwide. On occasion, trademark owners of the same trademark sue each other over the same domain name.

Domain name holders sue for declaratory relief. They point to the void in the law where no court has held that a domain name is synonymous with a trademark. They argue that trademarks are territorial; that is, they exist in each country solely according to that country's statutory scheme. They argue that the entire Internet cannot be subjected to the ambiguity of the conflicting trademark laws of 170 different countries; that the Internet is more than a commercial marketplace, it is a medium of free and open communication. They argue that domain name registration has nothing to do with a trademark.

There is no simple solution, no quick fix to this problem. Both sides have rights. Both sides have strong positions.

In response to the problem, in an attempt to enhance the growth of the Internet, in the summer of 1995 Network Solutions instituted a dispute policy which tried to recognize the interests of both sides while attempting to maintain the position of the registrar as a neutral party.

There have been approximately 150 lawsuits concerning domain names, 36 of which we have been involved. In 25 of them, trademark owners such as Panavision, Porsche, Hewlett-Packard, Mattel, and Prince Sports have also sued Network Solutions in their cases against domain name holders or other trademark owners.

Without immunity from suit in this kind of case, and without a single court decision which holds that what a registrar does could not constitute contributory infringement or dilution, Network Solutions instituted this policy. The policy is a proactive attempt to be fair to both sides while not creating any legal position one way or the other. The policy sets out clear procedures for both sides, allows the Internet to grow, and yet attempts to protect the registrar from loss. We did not ignore the problem. We took it head on, and I am very proud of what we have accomplished, to the benefit of all parties concerned. I think it was the right thing to do.

Now, let us look at the results of the policy. Network Solutions has received 3,137 complaint letters from trademark owners against domain name holders. Of those 3,137 complaints, 1,711, or about half, resulted in the application of our dispute policy. Of those 1,700 cases, 659, or about 38 percent, are currently suspended under the terms and conditions of the dispute policy. That is 659 out of approximately 1,560,000 domain names currently registered, or four hundredths of 1 percent.

The proof is in the numbers, and I suggest, on balance, our dispute policy is working very well. It has significantly reduced the time and cost of conflict between the parties. It is a practical solution to a difficult problem we face every day. The problem is no different than other intellectual property issues, such as copyrights, arising in this new medium.

In conclusion, someday we believe that there will be no need for a domain name dispute policy. Time has a way of resolving things. Sufficient legal precedent which defines the legal relationship between trademarks and domain names will have evolved, and such disputes will have diminished. This is exactly what happened in other new mediums throughout history. We should not overreact to a situation that could eventually resolve itself.

In summary, we believe that the world's population, not just American citizens, should have open, immediate and inexpensive access to the Internet. It is a wonderful medium for world information and for eliminating closed societies and governments. On the other hand, the intellectual property rights of world commerce must be respected and facilitated. We must all try to align and further these two interests and work our way through it.

We usually are accustomed to immediate results, immediate solutions. Well, that is not the situation before us. It is complex, and it is too important to rush to judgment. Until there is a solution, we believe that there is no better alternative to our current dispute policy, which maintains a cost-effective approach and lets the Internet grow. We address the issue every day. We try to make it fair for both sides.

I would like to thank you, Mr. Chairman, and members of the subcommittee for allowing me to reflect briefly on these issues. I will be happy to answer any questions that you have to the best of my ability. Thank you.

[The prepared statement of Mr. Battista follows:]

PREPARED STATEMENT OF GABRIEL A. BATTISTA, CHIEF EXECUTIVE OFFICER,
NETWORK SOLUTIONS, INC.

Good morning, Mr. Chairman, Members of the Subcommittee, I am Gabe Battista, the CEO of Network Solutions, Inc. I welcome the opportunity to appear before you today to address what we, at Network Solutions, believe to be one of the critical issues affecting the future stability of the Internet—the trademark-domain name controversy.

Introduction

Network Solutions is a publicly-held corporation located in Herndon, Virginia. We have approximately 250 employees, all of whom are engaged in Internet or Intranet related activities.

In 1992, the National Science Foundation (NSF), through a competitive bid, chose Network Solutions to manage and enhance the domain name registration system in the U.S. Just two years ago, this small effort required registering only 200 domain names per month onto the Internet. Today the volume has reached more than 125,000 names per month, with a total of approximately 1.6 million registrations to date. This growth, which has been primarily in the number of registrants in the commercial zone on the Internet, is shown in Figure 1. It is this tremendous explosion, with conflicting commercial interests, which has caused stress on the historical system and procedures of the Internet.

In spite of the growing stress, the current domain name system is relatively easy to use, inexpensive, robust in the face of such growth, and financially self-sufficient. While largely U.S.-based expansion raised a number of critical issues, international growth in domain names now requires even greater coordination and global solutions to these problems.

Two critical issues facing the various governmental and non-governmental participants in the Internet are (1) governance and (2) the trademark-Internet domain name controversy. I spoke before Chairman Pickering and the House Basic Research Subcommittee on September 25, 1997, concerning Internet governance, and I am pleased to discuss the trademark-domain name controversy here today.

In addition, many key issues on this exact topic were raised by the Department of Commerce's Notice of Inquiry on Internet Administration, Docket No. 970613137-7137-01 and our response of August 18, 1997. Included herein are Network Solu-

tions' responses to the issues raised by the Department of Commerce's Notice of Inquiry, which directly relate to this Subcommittee's hearings today.

The Subcommittee also should note that Network Solutions, while one of the larger registrars (if not the largest) is but one of nearly 200 registrars of domain names world wide. How the different Internet registrars deal with trademark issues varies by the level of governmental oversight, the applicable national law and legal system, volume, cost and liability. Attached to this testimony is a partial summary, for comparison purposes, of the dispute policies for a number of other registrars. Many such policies are not available in English. Additionally, and more importantly, no explanation of their interpretation and application in actual disputes is available. Our thanks to Geoffrey Gussis, a third-year law student at Washington University School of Law in St. Louis, for his permission to attach his comparative review of registrar dispute policies, available to everyone on the Internet.

Additionally, as further examples, the dispute policies of China, Ireland and Nominet UK are appended for comparison.

Further, a paper written on Network Solutions' dispute policy, included in the Harvard publication *Coordinating the Internet*, edited by Brian Kahin and James Keller (MIT Press, 1997) is appended for the convenience of the Subcommittee.

Finally, a copy of Network Solutions' current Dispute Policy is appended for the Subcommittee's convenience.

In my few minutes here this morning, let me (1) give you an overview of the issue; (2) a sense of the legal problems involved, (3) tell you how Network Solutions has managed the problem, (4) present some actual statistics indicating the size of the problem and, (5) finally, offer some observations for the future.

Overview

When the Internet began, few were worried about trademark law. The Internet, largely a military, and research and education medium for the Defense Department and academicians, was not being used for commercial purposes. With the onset of commercial usage in early 1995, conflicts surfaced between trademark owners and domain name holders. By its very nature, the Internet is international; it knows no borders. Once connected, the entire globe is accessible. It did not take long for the commercial interests here in the United States and the international community to see the value in this new medium as a marketplace.

Existing side by side with this new medium was the law of trademarks, with all of its complexity. There are common law trademarks, federally-registered trademarks, state-registered trademarks, and trademarks which are licensed by the owner to others. Then, of course, there are also trademarks registered by 170 countries all over the world, with differing standards and procedures for registration, enforcement, opposition and maintenance, and finally, there are various applicable international treaties. There is no uniform, consistent body of trademark law to which the world adheres. International trademark protection is complex, as each country has different rules and requirements, and, most critical to our purpose here, none of it speaks to the relationships between trademarks and domain names.

As the Internet commercialized, and more and more domain names were registered, those domain names were viewed by trademark owners as identical to their trademarks, or "similar enough," to be confusing to the public. The Internet's 21st Century, "boundary-free" technology began to collide with 19th Century "territorial" trademark law. Two very powerful groups, trademark owners (approximately 800,000 alone on the U.S. Patent and Trademark Office's active register) and domain name holders (now, approximately 1,500,000, just at Network Solutions) began to complain about each other.

The Legal Problem

On the one side, the trademark owners of the world have spent vast sums instilling their trademarks with value. The Pepsi-Cola Company, for example, estimates its trademark to be worth \$30 Billion. They are intent upon protecting it. To trademark owners, the Internet is just another medium—like billboards, radio, and television. Trademark owners argue that the use of their trademarks by others on the Internet confuses the public and dilutes their valuable asset. There is a presumption in this position, however. Trademark owners presume that a domain name is synonymous with a trademark.

On the other side, we find the domain name holders, who have registered their domain names on a "first-come, first-served" basis, and who may or may not use the name for commercial purposes. They are affronted by "aggressive and powerful trademark owners" (as they see it) who, only now, see the benefit of the new and expanding medium. Domain name holders feel they have "senior rights" to their do-

main names on the Internet, through prior use, and they have contracts with the registrar to have those domain names.

Most of these disputes settle. Only the most aggressive actually sue each other to resolve the matter between them.

Those trademark owners who do sue, sue for infringement, dilution, unfair competition and related causes of action. Trademark owners contend that the domain name holder is using the domain name in commerce and confusing the public. Trademark owners argue that the Internet crosses all borders and affects their trademarks worldwide. On occasion, trademark owners of the same trademark sue each other over the same domain name.

Domain name holders sue for declaratory relief. They point to the void in the law where no court has held that a domain name is synonymous with a trademark. They argue that trademarks are "territorial," that is, that they exist in each country solely according to that country's statutory scheme. They argue that the entire Internet cannot be subjected to the ambiguity of the conflicting trademark laws of 170 different countries; that the Internet is more than a commercial marketplace; it is a medium of free and open communication. They argue that domain name registration has nothing to do with a trademark.

There is no simple solution, no quick fix, to this problem. Both sides have rights; both sides have strong positions.

Network Solutions' Dispute Policy

In response to this problem, and in an attempt to enhance the growth of the Internet, in the Summer of 1995, Network Solutions instituted a Dispute Policy which tried to recognize the interests of both sides, while attempting to maintain the position of the registrar as a neutral party. There have been approximately 150 lawsuits concerning domain names. In 25 of them, trademark owners such as Panavision, Porsche, YKK, Hewlett-Packard, Mattel and Prince Sports, have also sued Network Solutions in their cases against domain name holders or other trademark owners. Without immunity from suit in this kind of case, and without a single court decision which holds that what a registrar does could not constitute contributory infringement or dilution, Network Solutions instituted its Policy.

The Policy was a proactive attempt to be fair to both sides, while not creating any legal position one way or the other. The Policy sets out clear procedures for both sides, allows the Internet to grow, and, yet, attempts to protect the registrar from loss. We did not ignore the problem. We took it head on, and I am very proud of what we have accomplished—to the benefit of all parties concerned. I think it was the right thing to do.

Network Solutions required that every domain name holder, who registered a domain name with Network Solutions, agree to the Dispute Policy, which was implemented with the concurrence of the National Science Foundation. The Policy does not resolve disputes; it was not intended to resolve disputes. It was and is intended to provide trademark owners with an administrative avenue to deal with domain name holders, while providing domain name holders with five possible alternatives and the time to consider them. At the same time, the Policy attempts to extricate the registrar from the equation. In the absence of clear authority over this kind of situation, it was the only practical approach.

In certain circumstances, if the domain name holder fails to choose any of the options, we will use our limited discretion to suspend a domain name. Please understand, when a name is "suspended," the domain name holder is not changed and the name is not deleted. It is simply placed in suspension so that neither claimant (trademark owner or domain name holder) can use it until they resolve the dispute. This, of course, is the provision to which domain name holders have objected. Some domain name holders believe it is the registrar's duty to permit the domain name to continue in use and, thus, to incur liability as a contributory infringer or diluter. We do not agree. The Internet is a volatile and fragile new medium and marketplace. A registrar must find ways to resolve issues for the benefit of Internet growth, and its own viability.

Size of the Problem

Let us look at the results of the Policy. Network Solutions has received 3,137 complaint letters from trademark owners against domain name holders. Of those 3,137 complaints, 1,711, or about half (54%) resulted in the application of the Dispute Policy. Of these 1,700 cases, 659 (or about 38%) are currently suspended under the terms and conditions of the Dispute Policy . . . 659 out of the approximately 1,560,000 domain names currently registered, or four hundredths of 1%. The proof is in the numbers, and I suggest that, on balance, our Dispute Policy is working very well. It has significantly reduced the time and cost of conflict between the par-

ties. It is a practical solution to a difficult problem we face every day. The problem is no different than other intellectual property issues (such as copyrights) arising in this new medium.

A View To The Future

Someday, we believe, there will be no need for a domain name Dispute Policy. Time has a way of resolving things. Sufficient legal precedent which defines the legal relationship between trademarks and domain names will have evolved and such disputes will have diminished. This is exactly what happened in other new mediums throughout history. We should not overreact to a situation that will eventually resolve itself.

In summary: we believe that the world's population, not just American citizens, should have open, immediate, and inexpensive access to the Internet. It is a wonderful medium for world information, and for eliminating closed societies and governments. On the other hand, the intellectual property rights of world commerce must be respected and facilitated. We must all try to align and further these two interests, and work our way through it.

We are accustomed to immediate results; immediate solutions. Well, that is not the situation before us. It is too complex and too important to rush to judgment. Until there is a solution, we believe there is no better alternative to our current Dispute Policy, which maintains a cost-effective approach and lets the Internet grow. We address the issue every day and we try to make it fair for both sides.

I would like to thank you, Mr. Chairman, and the Members of the Subcommittee for allowing me to reflect briefly on these issues. I will be happy to answer any questions that you have to the best of my ability.

RESPONSE TO THE DEPARTMENT OF COMMERCE NOTICE OF INQUIRY AUGUST 18, 1997

What trademark rights (e.g., registered trademarks, common law trademarks, geographic indications, etc.), if any, should be protected on the Internet vis-a-vis domain names?

Given the state of the law at present, it is unclear what rights should be protected with respect to domain names. Owners of valid trademarks are protected from infringement and dilution of those trademarks by federal statutes enacted in virtually every country of the world. If trademark laws apply to domain names, anyone who obtains a domain name under a registrar's policies of issuance must do so subject to whatever liability is provided for by law.

A domain name can be more than a mere Internet address. At the present time, it also identifies the Internet site to those who reach it, much like a person's name identifies a particular person, or more relevant to trademark disputes, a company's name identifies a specific company.

Confusion on the part of the public, as to the origin or source of goods and/or services, is exactly what the trademark laws were designed to protect against. Although some trademarks are easily discerned, such as Pepsi or Ford, other trademarks, such as Disc or Acme, are more difficult to protect. Federal trademark statutes do not specifically address the issues presented on the Internet. Case law, however, is beginning to emerge. Unauthorized use of a domain name by a domain name holder, which includes a protected trademark, to engage in commercial activity over the Internet has been held to constitute "use in commerce" in violation of federal statutes. Such use has been held to be in direct conflict with federal trademark law. How the trademark laws of the world will be applied or interpreted remains to be seen. For all of the instances when a domain name is considered by the trademark owner to be "close enough" to its protected trademark to be disputed, it is for the trademark owner, in its discretion, to police its own trademark rights.

—Until legislation or case law defines the relationships between the various intellectual property rights and domain names, there can be no answer to "what trademark rights, if any, should be protected on the Internet vis-a-vis domain names." As with each new medium (radio, television and, now, the Internet), the law will continue to be the law and will continue to apply to the actions of the Internet's participants until a more suitable framework for addressing the complexity and global nature of these disputes can be implemented.

Should some process of preliminary review of an application for registration of a domain name be required, before allocation, to determine if it conflicts with a trademark, a trade name, a geographic indication, etc.? If so, what standards should be used? Who should conduct the preliminary review? If a conflict is found, what should be done, e.g., domain name applicant and/or trademark owner notified of the conflict? Automatic referral to dispute settlement?

It has been proposed that applications for domain name registrations be reviewed to determine if the domain name "conflicts" with a trademark, a tradename, a geo-

graphic indication, etc. While this is an interesting concept, and one that has certain appeal to the trademark bar and trademark owners, it is a concept that would be neither reasonable nor practical in practice.

To conduct a pre-registration review of a domain name application would probably require something like the "notice of publication" period in the trademark registration process. To establish such a process in the domain name registration system would impose an inordinate cost and burden. A representative indicator of the effect of such a requirement lies in the U.S. Patent and Trademark Office (U.S.P.T.O.). Its trademark registration process includes a 16-month pendency period between the time an application is submitted and the time an application is granted. Network Solutions, as one of approximately 200 registries worldwide, is currently registering a volume of domain name applications that is several times larger than the volume of U.S.P.T.O. applications each year. Significant additional time and cost would be involved by applying a U.S.P.T.O.-type process to domain name registrations.

Determination of trademark infringement involves the application of up to 16 different factors. In different parts of the world, courts apply varying degrees of emphasis to those factors. A domain name registrar should not be expected to have the knowledge, expertise and experience of an intellectual property attorney or a judge on a global basis and, without that, determination of infringement cannot be rendered. Additionally, having to make such evidentiary determinations would expose a domain name registrar to significant liability in the event a wrong decision was made.

The entire issue of pre-registration determinations becomes even more difficult and unreasonable when considering the global nature of the Internet. Pre-registration determinations of trademark conflict would require the availability of a database of trademark registrations from every country in the world. Such a database does not exist.

Aside from a preliminary review process, how should trademark rights be protected on the Internet vis-a-vis domain names? What entity (ies), if any, should resolve disputes? Are national courts the only appropriate forum for such disputes? Specifically, is there a role for national/international governmental/nongovernmental organizations?

Trademark rights should be policed and protected on the Internet in the same manner as they are in other aspects of commerce. It should be each trademark owner's responsibility to monitor domain name registrations, and to take appropriate action against a domain name registrant when the trademark owner, in its discretion, believes its intellectual property rights are being violated. The same forums that deal with intellectual property rights in international commerce are also the appropriate forums to resolve disputes when domain name registrants and trademark owners are residents of different nations.

How can conflicts over trademarks best be prevented? What information resources (e.g. databases of registered domain names, registered trademarks, trade names) could help reduce potential conflicts? If there should be a database(s), who should create the database(s)? How should such a database(s) be used?

Conflicts over trademarks cannot be prevented, but they can be reduced. Nothing will eliminate either the intentional or unintentional registration and use of a domain name on the Internet by someone who either seeks to confuse the public as to the source of the product or service or, alternatively, was unaware that his/her actions caused such confusion. The question, however, starts with the premise that the millions upon millions of potential domain names will, in fact, conflict with trademarks. The premise is incorrect and will, if applied, forever change the nature and direction of this global communications medium. In fact, to date Network Solutions has applied its Domain Name Dispute Policy to about 1,300 domain name registrants, or approximately one tenth of the one percent of the total number of domain name registrants in the database.

The conflicts, which will occur on a global basis, can be drastically shortened and resolved with minimal cost to both the trademark owners and domain name holders of the world through the passage of a simple rule of civil procedure to be enacted, jurisdiction by jurisdiction, as it proves successful. The procedure would have the following goals:

- Allow for the rapid expansion of the Internet;
- Keep any technical portion of the solution simple and universal;
- Keep the "first-come, first-served" assignment of second-level domain names;
- Allow registries world-wide to follow their own procedures for disputes;
- Limit government involvement, administration and regulation to increase global commercial investment in the use of the Internet; the model for commerce would be contractual rather than regulatory;

Allow for the necessary divergence of trademark law and legal systems worldwide;

Prevent the formation of an "administration" over disputes, including personnel and regulations;

Use only existing global legal systems;

Protect trademark owners to the maximum extent possible; in instances where a domain name directly conflicts with an identical federal registered trademark, allow for an administrative alternative to judicial proceedings for domain name holders;

Protect domain name holders' rights to use their own names or their assignment of domain names which predate trademarks; and

Allow jurisdictional prerequisites for personal jurisdiction over the disputants to be unaffected worldwide.

Should domain name applicants be required to demonstrate that they have a basis for requesting a particular domain name? If so, what information should be supplied? Who should evaluate the information? On the basis of what criteria?

No. Inherent in this question is the concept of prescreening and the accompanying delays and bureaucratic review that will bring this medium to a standstill. Proposals have even surfaced that would require such invasions of privacy as the production of the tax returns, social security numbers and corporate charters. Who is qualified to review these materials and who would make such decisions? Who would decide what an appropriate "basis" would be? How would these decisions be appealed?

How would the number of different gTLDs and the number of registrars affect the number and cost of resolving trademark disputes?

An increase in the number of different TLDs would, in all likelihood, significantly increase the number and cost of resolving disputes over the registration and use of domain names. Ignoring the ISO-3166 two letter country code TLDs, trademark owners presently have to monitor and "police," if they so choose, three TLDs: .com, .org, and .net. A domain name in any one of the TLDs could be the subject of a dispute initiated by a trademark owner that believed the registration of the domain name violated the trademark owner's intellectual property rights. All other things being equal, a trademark owner could currently be involved in up to three separate disputes, each with its corresponding cost, if the trademarked word or phrase was registered as a domain name in each of the three TLDs. It logically follows that there is a direct relationship between the number of TLDs and the potential number and costs of disputes related to the protection of trademark rights.

An increase in the number of worldwide TLDs could also affect costs to individual companies as they seek to protect their trademarks on the Internet by registering all their trademarks as domain names in each of the worldwide TLDs. If, for example, there were a total of 50 TLDs, a large company with 1,000 trademarks could decide to incur the costs (time and resources) associated with registering and maintaining 50,000 domain names (50 times 1,000). Such a burden would be unreasonable.

As long as domain name registries or registrars are susceptible to allegations of contributory infringement of intellectual property rights of trademark owners, an increase in the number of registries or registrars would, in all likelihood, significantly increase the number and cost of resolving disputes over the registration and use of domain names. More registrars would simply provide more candidates for trademark owners to include as a named party to litigation. The potential for cost growth would be compounded if the registries were located outside the United States. Registries located outside the United States increase the possibility that trademark-domain name disputes would take on an international character, with the proportional increase in cost and complexity.

An increased number of worldwide TLDs also increases the possibility of a type of dispute not yet seen. That dispute would be between two registrants, each with the same second-level domain name but in different TLDs, arguing over confusion and superiority of rights based upon the date of registration or activation of each second-level domain name in its respective TLD. The significance of the nature of these disputes lies in the fact they would not necessarily involve entities with trademarks. They would involve simply "first use" on the Internet.

Where there are valid, but conflicting trademark rights for a single domain name, are there any technological solutions?

There may be some technical relief available. Registrars might employ a shared top-level home page with HTML "links" to each user. Therefore Delta Airlines, Delta Faucet and other Delta's would share a simple top-level home page, *Delta.com*, with "links" to each one's unique home page. This is a service that each registrar could

provide. NSI has attempted to persuade disputing claimants to employ this tactic. All have declined, preferring to seek exclusive control at great risk and expense.

Are there any other issues that should be addressed in this area?

The legal issues related to the registration and use of domain names are complex and multifaceted. Answers are not readily at hand because of the absence of legislation pertaining to the relationships between domain names and intellectual property rights. Even when existing legislation may apply, it varies from country to country. Case law is just starting to evolve, and that too, will vary from country to country.

Beyond the applicability of existing and emerging intellectual property laws, legal issues must include consideration of international laws such as embodied in the Paris and Berne Conventions. These, and possibly others, must be examined for applicability to the area of DNS and the Internet.

In addition to intellectual property matters, the United States has federal statutes which limit or prohibit the use of specific words or phrases. For example, the U.S. Amateur Sports Act addresses the use of the words Olympic, Olympiad and Citius Altius Fortius (the Olympic motto). There are, in all likelihood, similar statutes in most countries of the world that must be considered when dealing with legal issues related to global domain name registration and use.

**TESTIMONY OF GABRIEL A. BATTISTA
CEO OF NETWORK SOLUTIONS, INC.**

**BEFORE THE
SUBCOMMITTEE ON COURTS AND INTELLECTUAL PROPERTY
HOUSE JUDICIARY COMMITTEE
NOVEMBER 5, 1997**

Pursuant to Presidential directive, the Secretary of Commerce has been directed:

"[to] support efforts to make the governance of the domain name system private and competitive and to create a contractually based self-regulatory regime that deals with potential conflicts between domain name usage and trademark laws on a global basis."

Network Solutions, Inc. has created and implemented a contractually-based policy for dealing with these conflicts in a way which encourages open, immediate and inexpensive access to the Internet, while respecting the intellectual property rights of world commerce.

There is a vacuum in international law defining the relationship between domain names, which are global, and trademarks, which are governed by various national statutes. As a result of a few highly visible cases, the extent of conflict between trademark owners and domain name holders is perceived to be greater than the actual facts support. Since July 1995, Network Solutions has applied its dispute policy to 1700 disputes in 1.6 million registrations, i.e., one-tenth of 1% of registrations. In other words, one in one thousand registrations result in a full blown dispute. Some of these disputes have resulted in lawsuits brought by the trademark owner or the domain name holder against the other claimant. To date, we are aware of approximately 150 lawsuits, 36 of which also have included Network Solutions, as registrar of the domain names in issue. All registrars will eventually experience such difficulties as the worldwide volume of registrations grows to U.S. levels. Network Solutions' policy provides trademark owners with an administrative avenue to deal with domain name holders, while providing domain name holders with various alternatives and the time to consider them.



N E T W O R K
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**TESTIMONY OF
MR. GABRIEL A. BATTISTA**

**Chief Executive Officer
Network Solutions, Inc.**

Before the

**SUBCOMMITTEE ON COURTS AND INTELLECTUAL PROPERTY
COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES**

Hearing on

INTERNET DOMAIN NAME - TRADEMARK PROTECTION

**November 5, 1997
2226 Rayburn House Office Building**

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Good morning, Mr. Chairman, Members of the Subcommittee, I am Gabe Battista, the CEO of Network Solutions, Inc. I welcome the opportunity to appear before you today to address what we, at Network Solutions, believe to be one of the critical issues affecting the future stability of the Internet – the trademark-domain name controversy.

Introduction

Network Solutions is a publicly-held corporation located in Herndon, Virginia. We have approximately 250 employees, all of whom are engaged in Internet or Intranet related activities.

In 1992, the National Science Foundation (NSF), through a competitive bid, chose Network Solutions to manage and enhance the domain name registration system in the U.S. Just two years ago, this small effort required registering only 200 domain names per month onto the Internet. Today the volume has reached more than 125,000 names per month, with a total of approximately 1.6 million registrations to date. This growth, which has been primarily in the number of registrants in the commercial zone on the Internet, is shown in Figure 1. It is this tremendous explosion, with conflicting commercial interests, which has caused stress on the historical system and procedures of the Internet.

In spite of the growing stress, the current domain name system is relatively easy to use, inexpensive, robust in the face of such growth, and financially self-sufficient. While largely U.S.-based expansion raised a number of critical issues, international growth in domain names now requires even greater coordination and global solutions to these problems.

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Gussis, a third-year law student at Washington University School of Law in St. Louis, for his permission to attach his comparative review of registrar dispute policies, available to everyone on the Internet.

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Overview

When the Internet began, few were worried about trademark law. The Internet, largely a military, and research and education medium for the Defense Department and academicians, was not being used for commercial purposes. With the onset of commercial usage in early 1995, conflicts surfaced between trademark owners and domain name holders. By its very nature, the Internet is international; it knows no borders. Once connected, the entire globe is accessible. It did not take long for the commercial interests here in the United States and the international community to see the value in this new medium as a marketplace.

Existing side by side with this new medium was the law of trademarks, with all of its complexity. There are common law trademarks, federally-registered trademarks, state-registered trademarks, and trademarks which are licensed by the owner to others. Then, of course, there are also trademarks registered by 170 countries all over the world, with differing standards and procedures for registration, enforcement, opposition and maintenance, and finally, there are various applicable international treaties. There is no uniform, consistent body of trademark law to which the world adheres. International trademark protection is complex, as each country has different rules and requirements, and, most critical to our purpose here, none of it speaks to the relationships between trademarks and domain names.

As the Internet commercialized, and more and more domain names were registered, those domain names were viewed by trademark owners as identical to their trademarks, or "similar enough," to be confusing to the public. The Internet's 21st Century, "boundary-free" technology began to collide with 19th Century "territorial" trademark law. Two very powerful groups, trademark owners (approximately 800,000 alone on the U.S. Patent and Trademark Office's active register) and domain name holders (now, approximately 1,500,000, just at Network Solutions) began to complain about each other.

The Legal Problem

On the one side, the trademark owners of the world have spent vast sums instilling their trademarks with value. The Pepsi-Cola Company, for example, estimates its trademark to be worth \$30 Billion. They are intent upon protecting it. To trademark owners, the Internet is just another medium – like billboards, radio, and television.

Trademark owners argue that the use of their trademarks by others on the Internet confuses the public and dilutes their valuable asset. There is a presumption in this position, however. Trademark owners presume that a domain name is synonymous with a trademark.

On the other side, we find the domain name holders, who have registered their domain names on a "first-come, first-served" basis, and who may or may not use the name for commercial purposes. They are affronted by "aggressive and powerful trademark owners" (as they see it) who, only now, see the benefit of the new and expanding medium. Domain name holders feel they have "senior rights" to their domain names on the Internet, through prior use, and they have contracts with the registrar to have those domain names.

Most of these disputes settle. Only the most aggressive actually sue each other to resolve the matter between them.

Those trademark owners who do sue, sue for infringement, dilution, unfair competition and related causes of action. Trademark owners contend that the domain name holder is using the domain name in commerce and confusing the public. Trademark owners argue that the Internet crosses all borders and affects their trademarks worldwide. On occasion, trademark owners of the same trademark sue each other over the same domain name.

Domain name holders sue for declaratory relief. They point to the void in the law where no court has held that a domain name is synonymous with a trademark. They argue that trademarks are "territorial," that is, that they exist in each country solely according to that country's statutory scheme. They argue that the entire Internet cannot

be subjected to the ambiguity of the conflicting trademark laws of 170 different countries; that the Internet is more than a commercial marketplace; it is a medium of free and open communication. They argue that domain name registration has nothing to do with a trademark.

There is no simple solution, no quick fix, to this problem. Both sides have rights; both sides have strong positions.

Network Solutions' Dispute Policy

In response to this problem, and in an attempt to enhance the growth of the Internet, in the Summer of 1995, Network Solutions instituted a Dispute Policy which tried to recognize the interests of both sides, while attempting to maintain the position of the registrar as a neutral party. There have been approximately 150 lawsuits concerning domain names. In 25 of them, trademark owners such as Panavision, Porsche, YKK, Hewlett-Packard, Mattel and Prince Sports, have also sued Network Solutions in their cases against domain name holders or other trademark owners. Without immunity from suit in this kind of case, and without a single court decision which holds that what a registrar does could not constitute contributory infringement or dilution, Network Solutions instituted its Policy.

The Policy was a proactive attempt to be fair to both sides, while not creating any legal position one way or the other. The Policy sets out clear procedures for both sides, allows the Internet to grow, and, yet, attempts to protect the registrar from loss. We did not ignore the problem. We took it head on, and I am very proud of what we have accomplished – to the benefit of all parties concerned. I think it was the right thing to do.

Network Solutions required that every domain name holder, who registered a domain name with Network Solutions, agree to the Dispute Policy, which was implemented with the concurrence of the National Science Foundation. The Policy does not resolve disputes; it was not intended to resolve disputes. It was and is intended to provide trademark owners with an administrative avenue to deal with domain name holders, while providing domain name holders with five possible alternatives and the time to consider them. At the same time, the Policy attempts to extricate the registrar from the equation. In the absence of clear authority over this kind of situation, it was the only practical approach.

In certain circumstances, if the domain name holder fails to choose any of the options, we will use our limited discretion to suspend a domain name. Please understand, when a name is "suspended", the domain name holder is not changed and the name is not deleted. It is simply placed in suspension so that neither claimant (trademark owner or domain name holder) can use it until they resolve the dispute. This, of course, is the provision to which domain name holders have objected. Some domain name holders believe it is the registrar's duty to permit the domain name to continue in use and, thus, to incur liability as a contributory infringer or diluter. We do not agree. The Internet is a volatile and fragile new medium and marketplace. A registrar must find ways to resolve issues for the benefit of Internet growth, and its own viability.

Size of the Problem

Let us look at the results of the Policy. Network Solutions has received 3,137 complaint letters from trademark owners against domain name holders. Of those 3,137 complaints, 1,711, or about half (54%) resulted in the application of the Dispute Policy.

Of these 1,700 cases, 659 (or about 38%) are currently suspended under the terms and conditions of the Dispute Policy...659 out of the approximately 1,560,000 domain names currently registered, or four hundredths of 1 %. The proof is in the numbers, and I suggest that, on balance, our Dispute Policy is working very well. It has significantly reduced the time and cost of conflict between the parties. It is a practical solution to a difficult problem we face every day. The problem is no different than other intellectual property issues (such as copyrights) arising in this new medium.

A View To The Future

Someday, we believe, there will be no need for a domain name Dispute Policy. Time has a way of resolving things. Sufficient legal precedent which defines the legal relationship between trademarks and domain names will have evolved and such disputes will have diminished. This is exactly what happened in other new mediums throughout history. We should not overreact to a situation that will eventually resolve itself.

In summary: we believe that the world's population, not just American citizens, should have open, immediate, and inexpensive access to the Internet. It is a wonderful medium for world information, and for eliminating closed societies and governments. On the other hand, the intellectual property rights of world commerce must be respected and facilitated. We must all try to align and further these two interests, and work our way through it.

We are accustomed to immediate results; immediate solutions. Well, that is not the situation before us. It is too complex and too important to rush to judgment. Until there is a solution, we believe there is no better alternative to our current Dispute Policy,

which maintains a cost-effective approach and lets the Internet grow. We address the issue every day and we try to make it fair for both sides.

I would like to thank you, Mr. Chairman, and the Members of the Subcommittee for allowing me to reflect briefly on these issues. I will be happy to answer any questions that you have to the best of my ability.

**Response to the Department of Commerce
Notice of Inquiry
August 18, 1997**

What trademark rights (e.g., registered trademarks, common law trademarks, geographic indications, etc.), if any, should be protected on the Internet vis-a-vis domain names?

Given the state of the law at present, it is unclear what rights should be protected with respect to domain names. Owners of valid trademarks are protected from infringement and dilution of those trademarks by federal statutes enacted in virtually every country of the world. If trademark laws apply to domain names, anyone who obtains a domain name under a registrar's policies of issuance must do so subject to whatever liability is provided for by law.

A domain name can be more than a mere Internet address. At the present time, it also identifies the Internet site to those who reach it, much like a person's name identifies a particular person, or more relevant to trademark disputes, a company's name identifies a specific company.

Confusion on the part of the public, as to the origin or source of goods and/or services, is exactly what the trademark laws were designed to protect against. Although

some trademarks are easily discerned, such as Pepsi or Ford, other trademarks, such as Disc or Acme, are more difficult to protect. Federal trademark statutes do not specifically address the issues presented on the Internet. Case law, however, is beginning to emerge. Unauthorized use of a domain name by a domain name holder, which includes a protected trademark, to engage in commercial activity over the Internet has been held to constitute "use in commerce" in violation of federal statutes. Such use has been held to be in direct conflict with federal trademark law. How the trademark laws of the world will be applied or interpreted remains to be seen. For all of the instances when a domain name is considered by the trademark owner to be "close enough" to its protected trademark to be disputed, it is for the trademark owner, in its discretion, to police its own trademark rights.

Until legislation or case law defines the relationships between the various intellectual property rights and domain names, there can be no answer to "what trademark rights, if any, should be protected on the Internet vis-à-vis domain names." As with each new medium (radio, television and, now, the Internet), the law will continue to be the law and will continue to apply to the actions of the Internet's participants until a more suitable framework for addressing the complexity and global nature of these disputes can be implemented.

Should some process of preliminary review of an application for registration of a domain name be required, before allocation, to determine if it conflicts with a trademark, a trade name, a geographic indication, etc.? If so, what standards should be used? Who should conduct the preliminary review? If a conflict is found, what should be done, e.g.,

domain name applicant and/or trademark owner notified of the conflict? Automatic referral to dispute settlement?

It has been proposed that applications for domain name registrations be reviewed to determine if the domain name "conflicts" with a trademark, a tradename, a geographic indication, etc. While this is an interesting concept, and one that has certain appeal to the trademark bar and trademark owners, it is a concept that would be neither reasonable nor practical in practice.

To conduct a pre-registration review of a domain name application would probably require something like the "notice of publication" period in the trademark registration process. To establish such a process in the domain name registration system would impose an inordinate cost and burden. A representative indicator of the effect of such a requirement lies in the U.S. Patent and Trademark Office (U.S.P.T.O.). Its trademark registration process includes a 16-month pendency period between the time an application is submitted and the time an application is granted. Network Solutions, as one of approximately 200 registries worldwide, is currently registering a volume of domain name applications that is several times larger than the volume of U.S.P.T.O. applications each year. Significant additional time and cost would be involved by applying a U.S.P.T.O.-type process to domain name registrations.

Determination of trademark infringement involves the application of up to 16 different factors. In different parts of the world, courts apply varying degrees of emphasis to those factors. A domain name registrar should not be expected to have the knowledge, expertise and experience of an intellectual property attorney or a judge on a global basis and, without that, determination of infringement cannot be rendered.

Additionally, having to make such evidentiary determinations would expose a domain name registrar to significant liability in the event a wrong decision was made.

The entire issue of pre-registration determinations becomes even more difficult and unreasonable when considering the global nature of the Internet. Pre-registration determinations of trademark conflict would require the availability of a database of trademark registrations from every country in the world. Such a database does not exist.

Aside from a preliminary review process, how should trademark rights be protected on the Internet vis-a-vis domain names? What entity (ies), if any, should resolve disputes? Are national courts the only appropriate forum for such disputes? Specifically, is there a role for national/international governmental/nongovernmental organizations?

Trademark rights should be policed and protected on the Internet in the same manner as they are in other aspects of commerce. It should be each trademark owner's responsibility to monitor domain name registrations, and to take appropriate action against a domain name registrant when the trademark owner, in its discretion, believes its intellectual property rights are being violated. The same forums that deal with intellectual property rights in international commerce are also the appropriate forums to resolve disputes when domain name registrants and trademark owners are residents of different nations.

How can conflicts over trademarks best be prevented? What information resources (e.g. databases of registered domain names, registered trademarks, trade

names) could help reduce potential conflicts? If there should be a database(s), who should create the database(s)? How should such a database(s) be used?

Conflicts over trademarks cannot be prevented, but they can be reduced. Nothing will eliminate either the intentional or unintentional registration and use of a domain name on the Internet by someone who either seeks to confuse the public as to the source of the product or service or, alternatively, was unaware that his/her actions caused such confusion. The question, however, starts with the premise that the millions upon millions of potential domain names will, in fact, conflict with trademarks. The premise is incorrect and will, if applied, forever change the nature and direction of this global communications medium. In fact, to date Network Solutions has applied its Domain Name Dispute Policy to about 1,300 domain name registrants, or approximately one tenth of the one percent of the total number of domain name registrants in the database.

The conflicts, which will occur on a global basis, can be drastically shortened and resolved with minimal cost to both the trademark owners and domain name holders of the world through the passage of a simple rule of civil procedure to be enacted, jurisdiction by jurisdiction, as it proves successful. The procedure would have the following goals:

- ◆ Allow for the rapid expansion of the Internet;
- ◆ Keep any technical portion of the solution simple and universal;
- ◆ Keep the "first-come, first-served" assignment of second-level domain names;
- ◆ Allow registries world-wide to follow their own procedures for disputes;
- ◆ Limit government involvement, administration and regulation to increase global commercial investment in the use of the Internet; the model for commerce would be contractual rather than regulatory;
- ◆ Allow for the necessary divergence of trademark law and legal systems worldwide;

- ◆ Prevent the formation of an “administration” over disputes, including personnel and regulations;
- ◆ Use only existing global legal systems;
- ◆ Protect trademark owners to the maximum extent possible; in instances where a domain name directly conflicts with an identical federal registered trademark, allow for an administrative alternative to judicial proceedings for domain name holders;
- ◆ Protect domain name holders’ rights to use their own names or their assignment of domain names which predate trademarks; and
- ◆ Allow jurisdictional prerequisites for personal jurisdiction over the disputants to be unaffected worldwide.

Should domain name applicants be required to demonstrate that they have a basis for requesting a particular domain name? If so, what information should be supplied? Who should evaluate the information? On the basis of what criteria?

No. Inherent in this question is the concept of prescreening and the accompanying delays and bureaucratic review that will bring this medium to a standstill. Proposals have even surfaced that would require such invasions of privacy as the production of the tax returns, social security numbers and corporate charters. Who is qualified to review these materials and who would make such decisions? Who would decide what an appropriate “basis” would be? How would these decisions be appealed?

How would the number of different gTLDs and the number of registrars affect the number and cost of resolving trademark disputes?

An increase in the number of different TLDs would, in all likelihood, significantly increase the number and cost of resolving disputes over the registration and use of

domain names. Ignoring the ISO-3166 two letter country code TLDs, trademark owners presently have to monitor and "police", if they so choose, three TLDs: *.com*, *.org*, and *.net*. A domain name in any one of the TLDs could be the subject of a dispute initiated by a trademark owner that believed the registration of the domain name violated the trademark owner's intellectual property rights. All other things being equal, a trademark owner could currently be involved in up to three separate disputes, each with its corresponding cost, if the trademarked word or phrase was registered as a domain name in each of the three TLDs. It logically follows that there is a direct relationship between the number of TLDs and the potential number and costs of disputes related to the protection of trademark rights.

An increase in the number of worldwide TLDs could also affect costs to individual companies as they seek to protect their trademarks on the Internet by registering all their trademarks as domain names in each of the worldwide TLDs. If, for example, there were a total of 50 TLDs, a large company with 1,000 trademarks could decide to incur the costs (time and resources) associated with registering and maintaining 50,000 domain names (50 times 1,000). Such a burden would be unreasonable.

As long as domain name registries or registrars are susceptible to allegations of contributory infringement of intellectual property rights of trademark owners, an increase in the number of registries or registrars would, in all likelihood, significantly increase the number and cost of resolving disputes over the registration and use of domain names. More registrars would simply provide more candidates for trademark owners to include as a named party to litigation. The potential for cost growth would be compounded if the

registries were located outside the United States. Registries located outside the United States increase the possibility that trademark-domain name disputes would take on an international character, with the proportional increase in cost and complexity.

An increased number of worldwide TLDs also increases the possibility of a type of dispute not yet seen. That dispute would be between two registrants, each with the same second-level domain name but in different TLDs, arguing over confusion and superiority of rights based upon the date of registration or activation of each second-level domain name in its respective TLD. The significance of the nature of these disputes lies in the fact they would not necessarily involve entities with trademarks. They would involve simply "first use" on the Internet.

Where there are valid, but conflicting trademark rights for a single domain name, are there any technological solutions?

There may be some technical relief available. Registrars might employ a shared top-level home page with HTML "links" to each user. Therefore Delta Airlines, Delta Faucet and other Delta's would share a simple top-level home page, *Delta.com*, with "links" to each one's unique home page. This is a service that each registrar could provide. NSI has attempted to persuade disputing claimants to employ this tactic. All have declined, preferring to seek exclusive control at great risk and expense.

Are there any other issues that should be addressed in this area?

The legal issues related to the registration and use of domain names are complex and multifaceted. Answers are not readily at hand because of the absence of legislation

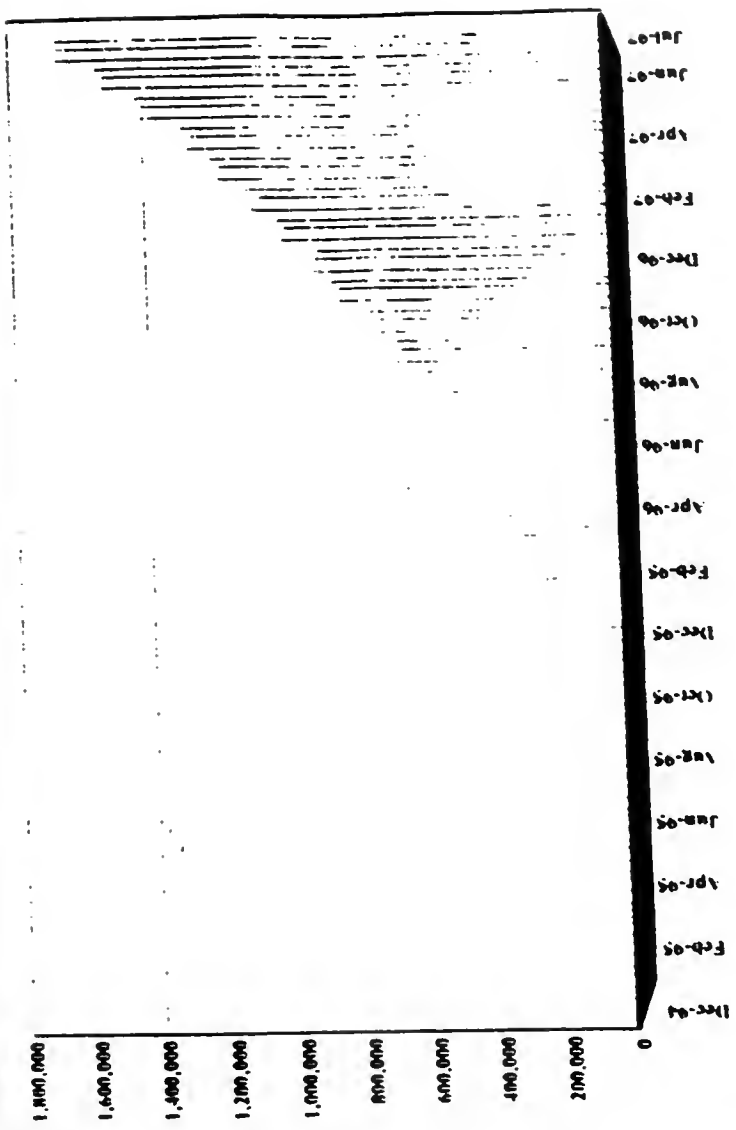
pertaining to the relationships between domain names and intellectual property rights. Even when existing legislation may apply, it varies from country to country. Case law is just starting to evolve, and that too, will vary from country to country.

Beyond the applicability of existing and emerging intellectual property laws, legal issues must include consideration of international laws such as embodied in the Paris and Berne Conventions. These, and possibly others, must be examined for applicability to the area of DNS and the Internet.

In addition to intellectual property matters, the United States has federal statutes which limit or prohibit the use of specific words or phrases. For example, the U.S. Amateur Sports Act addresses the use of the words Olympic, Olympiad and *Citius Altius Fortius* (the Olympic motto). There are, in all likelihood, similar statutes in most countries of the world that must be considered when dealing with legal issues related to global domain name registration and use.



Commercial Growth Has Stressed the Internet





Global Top-Level Domain Dispute Resolution Policies

The focus of this study is a comparative review of domain dispute resolution policies: how different countries deal with trademark issues and domain names.

An Internet Legal Research Project by
Geoffrey Gussis, a third year law student at
the Washington University School of Law.

Please email me with additions,
corrections, and suggestions at the
following address:

geoff@digidem.com

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Translations Needed: There are several countries included in this list that have policies written only in their native language. If anyone would like to volunteer to translate the relevant dispute policy portions, I would greatly appreciate it. Check below to see if any site has a language name next to it

** Please note that the final online product will be streamlined for easier navigation, and its current form is only for quick and easy updating.

Country NIC	Top-Level Domain	NIC URL	NIC Contact
		Domain Dispute Policy URL Relevant Policy Portion (Date)	

Argentina	.AR	<p>http://www.ar/nicnarg.htm hesimaster@afeca.ar</p> <p>http://www.ar/ardom/forms.htm</p> <p>[6. El Administrador del dominio NO se hace responsable de conflictos por nombres o marcas originados a partir de reservas de nombres de dominio. La responsabilidad sobre el particular corresponde integralmente a la entidad solicitante. En particular la entidad solicitante se hace responsable al solicitar un nombre de dominio, de cualquier conflicto u ofensa que pueda surgir con alguna otra entidad, en cuanto al uso de nombres que representen marcas o identifiquen a otra entidad o a productos y/o servicios ofrecidos por otros.]</p> <p>(This seems to indicate that the Argentinian NIC will not be responsible for domain name conflicts, they are left to the the soliciting entity.)</p>
Australia	.AU	<p>http://www.aunic.net register@auunic.net</p> <p>http://www.aunic.net/policies.html#resc</p> <p>[In the case of conflicting name requests between an applicant and an existing listing held by the delegated authority, it is left to the parties concerned (applicant and listed entity) to resolve such matters, and report to the delegated authority if the resolution includes a change of registration details. Domain names may be removed from the registration function's records upon receipt of written advice indicating that the list entry should be removed from the registry, on condition that the original applicant (or corporate entity) submits the advice to the delegated authority]</p>

Belgium	.be	<p>http://www.DNS.BE/techn@dns.be</p> <p>http://www.DNS.BE/regist-dec/term-conditions.html</p> <p>14. Applicant agrees that DNS-BE shall have the right to withdraw a Domain Name from use and registration on the Internet upon thirty (30) days prior written notice (or earlier if ordered by the court). Should DNS-BE receive a properly authenticated order by a Belgian court or arbitration panel chosen by the parties (if the order is from an arbitration panel, it should include written evidence that all parties which will be bound by the decision, submitted the dispute for binding arbitration to such panel) that the Domain Name in dispute rightfully belongs to a third party....</p> <p>15.(2) Applicant acknowledges and agrees that DNS-BE cannot act as an arbiter of disputes arising out of the registration and use of Domain Names. At the same time, Applicant acknowledges that DNS-BE may be presented with evidence that a Domain Name registered by Applicant violates the rights of a third party. Such evidence includes, but is not limited to, evidence that the Domain Name is identical to a valid registration of a trademark or service mark that is in full force and effect and owned by another person or entity. In those instances where the basis of the claim is other than a registered trademark or service mark, Applicant shall be allowed to continue using the contested Domain Name, unless and until a court order or arbitrator's judgment to the contrary is received by DNS-BE as provided in paragraph 4</p> <p>http://www.eunet.be/company/dns/dns-ic.html</p>
Brazil	.br	<p>http://www.ansp.br/povo-do-registro@fapesp.br</p> <p>ftp://ftp.ansp.br/pub/fapesp/formulacoes/domain-template.txt</p> <p>ftp://ftp.ansp.br/pub/fapesp/formulacoes</p>
Bulgaria	.bg	<p>http://www.digsys.bg/bg-nic/hosimaster@digsys.bg</p> <p>17.1: The holder of a domain name shall indemnify Digital Systems Company and its servants or agents and shall hold Digital Systems Company and its servants or agents harmless from and against any loss, damage, liability, claim or expense resulting from a claim or claims asserted by a third party regarding ownership of or right to use the domain name in question</p>
Canada	.ca	<p>http://www.canet.ca/canet/index.html smithson@hq.canet.ca</p> <p>ftp://ftp.cdnnet.ca/ca-domain/application-form</p>

Chile	.cl	http://sunsite.dcc.uchile.cl/chile/cl/hosts/master@dcc.uchile.cl http://sunsite.dcc.uchile.cl/chile/cl/Manual/Manual.htm
China	.cn	http://www.cnc.ac.cn/
Costa Rica		http://www.nic.cr/ domreg@nic.cr http://www.nic.cr/dominios.html
Croatia	.CR	office@CARNet.hr ftp://ftp.sarnet.hr/pub/CARNet/online.DNS
Czech Republic	.CZ	gonner@gonner.cunet.cz cz-info (Czech)
Denmark	.DK	http://www.dk.net/nic/ nice@dk.net http://www.dk.net/nic/domain.html The domain is already taken: You can test if the domain is already taken in various ways. This is one. If someone has taken your domain name you will have to prove that: - The name is rightfully yours - The name does not rightfully belong to the current owner This can be done by contacting the current owner. If you cannot work it out you will have to go to court
Finland	.FI	http://www.ficix.fi/ ficix@ficix.fi http://www.ficix.fi/fi-rekisterointi.htm (5/20/96) (Finnish)
France	.FR	http://www.nic.fr/ nic@nic.fr http://www.nic.fr/Procedure/ (French)
Germany	.DE	http://www.nic.de/ hosts/master@nic.de http://www.nic.de/inbassuite.html (7/6/96)

<p><u>Greece</u></p>	<p>.GR</p>	<p><u>http://www.forthnet.gr/DNS/ hostmaster@forthnet.gr</u></p> <p><u>http://www.forthnet.gr/forthnet/DNSregistrationForm.html</u> (1996)</p> <p>3. There is no trademark status on the domain name. It is up to the requestor to be sure he is not violating anyone else's Trademark</p> <p>4. The service from the GR-NIC is FCFS (First Come First Served)</p>
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gopher://uog2.uog.edu/11/gu.domain/rev5@uog.edu

gopher://uog2.uog.edu/00/gu.domain/faq.guam (7/1/96)

We are bound by a policy to assure that that the applicant owns the tradename if the tradename is incorporated into domain name. If you are a proxy for a trademark or corporation, we will contact the management of the corporation for authentication of information. The OWNER of the TRADEMARK owns the DOMAIN NAME whereas the proxy who is applying on behalf of the corporation will be the technical contact. If representatives of the corporation exist on Guam and their tradename is registered with Revenue and Taxation, we will contact those representatives for authentication. If objections arise, we desire them to be resolved within the applicant's corporate entity before the processing cycle concludes.

We have received requests from companies who are applying to protect their trademarks and not necessarily because they desire a domain name. The domain application form answers this issue at the gopher site at uog2.uog.edu. If this is your objective, you can also guard your tradename by emailing rev5@uog.edu so that if someone desires to use your tradename within a domain, we can email the applicant to contact you for concurrence. Also, we will place a notification on the gopher that applicants claiming your trademarks must contact you also. The gopher is at: uog2.uog.edu

Guam

.GU

gopher://uog2.uog.edu/00/gu.domain/registration

As of July 1995, we have realized a trademark responsibility we cannot avoid. Because of the groundbreaking case of Kaplan vs. Princeton Review, companies should have the right to use their own trade name when requesting a Domain Name. If someone is not using a trade name they are entitled to, the affected party can pursue legal avenues to remedy the situation. Consequently, IF YOU ARE APPLYING FOR A DOMAIN NAME USING A KNOWN TRADENAME PLEASE provide us with contacts to which we can fax or email to verify that you indeed are the proxy for the tradename (it would help if the name is copyrighted also in Guam by the revenue and taxation agency). The owner of the TRADENAME owns the domain and not the proxy... The document below is not a legally binding contract, but is an informal agreement to abide by the requirements of the local internet registry.

<p>Guatemala</p>	<p>http://www.gt/cir/cir.htm turlane@UVG.EDU.GT</p> <p>http://www.gt/cir/normas.html</p> <p>Normas de Administracion de Dominios.</p> <p>Bajo las normas de IANA que rigen la estructura de nombres en el Domain Name System DNS (RFC 1591) deben aplicarse las mismas reglas para la asignación de dominios en forma equitativa y no discriminatoria. Es inapropiado el uso de criterios que entaticen los conceptos de "derechos" o "propiedad" sobre dominios por parte de los administradores, cuya función es de "responsabilidad" y "servicio" a la comunidad Internet.</p> <p>El registro de un dominio no tiene los atributos de Marca Registrada y le corresponde al solicitante verificar que su solicitud no esta violando alguna marca.</p> <p>Para evitar conflictos entre el registro de dominios bajo GT, no es aceptable el registro de dominios que genere confusión o que constituye una ventaja competitiva, de acuerdo a las normas de marcas notables aplicable en el ordenamiento juridico guatemalteco.</p>
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Hong Kong	.HK	http://www.cuhk.hk/~hostmaster@hknrc.net.hk HKNIC DOMAIN DISPUTE RESOLUTION POLICY STATEMENT http://ftp.hknrc.net.hk/pub/netinfo/hk-domain-policy.txt (12/95) <p>4. Applicant is responsible for its selection of the Domain Name. Consequently, Applicant shall defend, indemnify and hold harmless (i) HKNIC, its officers, directors, employees and agents, (ii) J.U.C.C., its officers, directors, employees and agents, and (iii) the officers, directors, employees and agents of J.U.C.C.'s full and affiliate members (collectively, the "Indemnified Parties") for any loss, damage, expense or liability resulting from any claim, action or demand arising out of or related to the use or registration of the Domain Name, including reasonable attorneys fees. Such claims shall include, without limitation, those based upon trademark or service mark infringement, tradename infringement, dilution, tortious interference with contract or prospective business advantage, unfair competition, defamation or injury to business reputation. The Indemnified Parties agree to give Applicant written notice of any such claim, action or demand within a reasonable time. Applicant agrees that the Indemnified Parties shall be defended by attorneys of their choice at Applicant's expense, and that Applicant shall advance the costs of such litigation, in a reasonable fashion, from time to time. The failure to abide by this provision shall be considered a material breach of this Agreement and permit HKNIC to immediately withdraw the use and registration of Domain Name from Applicant.</p>
Hungary	.HU	http://www.szaki.hu/~kiss/hostmaster/domain-e.html Hostmaster@nic.hu http://www.szaki.hu/~kiss/hostmaster/domain-h.html
Iceland		
India	.IN	http://www.nic.in/
Indonesia	.ID	http://www.ipick.net.id/nic.html ibrahim@indogw.esic.or.id (They soon will handle .ID requests)
Iran		http://www.nic.ir/ manu@neda.net.ir

Ireland	.IE	<p>http://www.ucd.ie/hostmaster/ie-dom.html hostmaster@ucd.ie</p> <p>http://www.ucd.ie/hostmaster/ie-dom.html#proc (5/96)</p> <p>7.1: The holder of a domain name shall indemnify University College Dublin and its servants or agents and shall hold University College Dublin and its servants or agents harmless from and against any loss, damage, liability, claim or expense resulting from a claim or claims asserted by a third party regarding ownership of or right to use the domain name in question.</p> <p>(NOTE: This is the exact language of Bulgana's policy)</p>
Italy	.IT	<p>http://www.nis.garr.it/ info@nis.garr.it</p> <p>http://www.nis.garr.it/netdoc/TLA-PE/Documenti/regole-naming-ita</p> <p>http://www.nis.garr.it/services/registration.html (7/1/96)</p>
Japan	.JP	<p>http://www.nic.ad.jp/ goiken@nic.ad.jp</p> <p>http://www.nic.ad.jp/jpn/infors.html</p> <p>English documents under construction</p>
Jordan	.JO	http://netra.nic.gov.jo/ youssef@netra.nic.gov.jo
Korea	.KR	<p>http://www.kmic.net/index-eng.html </p> <p>http://www.nic.ch/</p> <p>http://www.nic.ch/policy_03.htm (2/1/96)</p> <p>10. Responsibilities for domain: entities registering domain names are fully responsible for their right to said name. Submission of a domain registration constitutes warranty to CH/LI DOM-REG that entity has rights to use the submitted name, i.e. entities statements in the application form are required to be true and entity is required to have the right to use the Domain Name as requested in the application. Entity shall indemnify CH/LI DOM-REG from any litigation costs or damages resulting from entity's use of said name. CH/LI DOM-REG is hereby expressly exempted from any and all responsibility for the verification of rights to a name. Acceptance of an application and registration of a domain name constitutes no endorsement by CH/LI DOM-REG that registrant has a right to use</p>

<p><u>Liechtenstein</u> & <u>Switzerland</u></p>	<p>.LI & .CH</p>	<p>the domain name in question under the laws of any state which might be applicable, e.g. with regard to names of natural or legal persons, trade names or trademarks.</p> <p>11. Solving conflicts: when a domain name has been registered by another entity or is in progress of registering, it is the responsibility of the entity seeking the registration to research the existing data base and pursue any litigation which may be necessary against the existing registrant, should said entity believe that existing registrant has no right to said domain. Entities and registrants acknowledge and agree that CH/LI DOM-REG cannot act as arbiter of disputes arising out of the registration of and use of domain names.</p> <p>Registration of a pending application for a domain name will be suspended by CH/LI DOM-REG in case of a conflict with another pending application or an already registered active or inactive domain name until the conflicting registrants present a written and duly signed settlement of the conflict or a court decision resolving the dispute in favor of one of the conflicting parties.</p>
		<p>18. Warnings: CH/LI DOM-REG may issue warnings in case of obvious possible name conflicts or when names are likely to conflict with another name, trade name, trade mark (TM), service mark (SM) etc. CH/LI DOM-REG, however, has no obligation to issue such warnings. After a warning has been issued, second-level domain name applications are kept in a 'in progress' state until a reconfirmation is received from the entity seeking registration.</p> <p>CH/LI DOM-REG may, however, at its own discretion suspend the registration until the entity seeking for registration submits within reasonable time to CH/LI DOM-REG a written confirmation of the holder of the conflicting name, trade name, trade mark (TM), service mark (SM) etc. that the application is valid and that holder agrees with the application. If no such confirmation is submitted within reasonable time CH/LI DOM-REG may reject the application.</p>
<p><u>Luxembourg</u></p>	<p>.LU</p>	<p>http://www.restena.lu/registration/domain.html admin@restena.lu</p> <p>http://www.restena.lu/registration/domainform-ascii.html (7/10/96)</p> <p>RESTENA cannot be held liable for any naming conflict with existing organisation names, abbreviations, acronyms, etc.</p>

<p>Malaysia</p>	<p>.MY</p>	<p>http://www.jaring.my/jaring/my/nic/my/nic-registry.htm domreg@jaring.my</p> <p>http://www.jaring.my/jaring/my/nic/domain.html#note</p> <p>PLEASE NOTE THAT YOUR DOMAIN SHOULD NOT CARRY ANY REGISTERED SERVICE/TRADE MARK THAT DOES NOT BELONG TO YOUR ORGANISATION. WE RESERVE THE RIGHT TO CANCEL SUCH DOMAIN REGISTERED ANYTIME.</p> <p>(iii) Domain names are registered on a "first come, first served" basis. It is not our duty nor responsibility to screen requested domain names to determine whether the use of a domain name by an applicant may infringe upon the right(s) of a third party.</p> <p>(iv) The party requesting registration of this name certifies that, to her/his knowledge, the use of this name does not violate trademark or other statutes. Registering a domain name does not confer any legal rights to that name and any disputes between parties over the rights to use a particular name are to be settled between the contending parties using normal legal methods. (See RFC 1591)</p>
<p>Mexico</p>	<p>.MX</p>	<p>http://www.nic.mx/ hostmaster@nic.mx</p> <p>http://www.nic.mx/cgi-bin/domain.pl</p> <p>The party requesting registration of this name certifies that, to her/his knowledge, the use of this name does not violate trademark or other statutes. Registering a domain name does not confer any legal rights to that name and any disputes between parties over the rights to use a particular name are to be settled between the contending parties using normal legal methods.</p> <p>http://www.nic.mx/pub/templates/politicas.txt</p> <p>5. Nombres y Marcas Registradas</p> <p>El registrar un nombre de dominio no significa registrar una marca. Es requisito del solicitante asegurarse de que no está violando ninguna marca registrada. En caso de una disputa entre solicitantes por los derechos de un nombre en particular, la autoridad que registra el nombre (NIC-Mexico) no deberá tener responsabilidad alguna, mas que proveer informacion a ambas partes.</p> <p>(In case of a dispute, NIC-Mexico has no responsibility past providing information)</p>

<p>The Netherlands</p>	<p>.NL</p> <p>http://www.domain-registry.nl/ hosimaster@domain-registry.nl</p> <p>http://www.domain-registry.nl/reg-eisen.html</p> <p>All (legal) documents on this server are in Dutch. No authoritative translation is available in any other language.</p>
<p>New Zealand</p>	<p>.NZ</p> <p>http://services.waikato.ac.nz/isocnz/ isyl@connect.com.nz</p> <p>http://services.waikato.ac.nz/isocnz/nz-domain/nz-policy.htm (3/22/96)</p> <p>•• The current policies which have never been formally discussed or noted and the following notes should not be seen as a definitive statement of policy for these domains:</p> <p>The following is an excerpt from the proposed co.nz registration page:</p> <p>The listing service of names within the co.nz delegated name space is undertaken on a First Come - First Served basis. The Internet Society of New Zealand does not trade in, or license in any way any entity (including the listing requesting entity) to trade in the requested name.</p> <p>Acceptance of the listing entry by the delegated authority confers no rights to the applicant regarding the legitimacy or otherwise of the association of the name with the applicant, nor does it confer to the applicant any other rights associated with ownership of the name, or any rights to its use.</p> <p>No adjudication is made within the registration service as to whether the applicant has a legitimate right to a name. The applicant in lodging the request for a name informs the delegated authority that they are asserting a claimed right to a name.</p> <p>In the case of conflicting name requests between an applicant and an existing listing held by the registry, it is left to the parties concerned (applicant and listed entity) to resolve such matters, and report to the registry if the resolution includes a change of registration details.</p>

<p>Nicaragua</p>	<p>.NI</p>	<p>http://www.nivnic2.html ipregis@unlequle</p> <p>http://www.ni/normas.html</p> <p>Normas de Administracion de Dominios.</p> <p>Bajo las normas de IANA que rigen la estructura de nombres en el Domain Name System DNS (RFC 1591) deben aplicarse las mismas reglas para la asignacion de dominios en forma equitativa y no discriminatoria. Es inapropiado el uso de criterios que enfatizen los conceptos de "derechos" o "propiedad" sobre dominios por parte de los administradores, cuya función es de "responsabilidad" y "servicio" a la comunidad Internet.</p> <p>El registro de un dominio no tiene los atributos de Marca Registrada y le corresponde al solicitante verificar que su solicitud no esta violando alguna marca.</p> <p>Para evitar conflictos entre el registro de dominios bajo NI, no es aceptable el registro de dominios que genere confusion o que constituye una ventaja competitiva, de acuerdo a las normas de marcas notables aplicable en el ordenamiento juridico Nicaraguense.</p> <p>(Note that the majority of Central American countries follow the IANA guidelines as dictated by RFC 1591)</p>
<p>Norway</p>	<p>.NO</p>	<p>http://www.uninett.no/navn/ navne@uninett.no</p> <p>Due to the fact that the vast majority of our applicants are Norwegian these pages are mainly done in Norwegian. Our domain name policy is also only available in Norwegian</p> <p>http://www.uninett.no/navn/navne-politikk.html (Norwegian Version)</p>

Pakistan	.PK	<p>http://www.ar.pk/public/pknic.html postmaster@ar.pk</p> <p>http://www.ar.pk/public/pknic-policy.htm (1995)</p> <p>3. Acceptance of the listing entry by the delegated authority confers no rights to the applicant regarding the legitimacy or otherwise of the association of the name with the applicant, nor does it confer to the applicant any other rights associated with ownership of the name, or any rights to its use</p> <p>4. No adjudication is made within the registration function as to whether the applicant has a legitimate right to a name. The applicant in lodging the request for a name informs the delegated authority that they are asserting a claimed right to a name</p> <p>5. In the case of conflicting name requests between an applicant and an existing listing held by the delegated authority, it is left to the parties concerned (applicant and listed entity) to resolve such matters, and report to the delegated authority if the resolution includes a change of registration details</p> <p>...</p> <p>11. Registering a domain name does not confer any legal rights to that name and any disputes between parties over the rights to use a particular name are to be settled between the contending parties using normal legal methods.</p>
Philippines	.PH	http://www.ph.net/
Romania	.RO	<p>http://www.mc.ro/ domain-admin@mcam.ro</p> <p>http://www.mc.ro/dns.html</p>
Russia	.RU	<p>http://www.nipn.net/ ncc@nipn.net</p> <p>http://www.nipn.net/nic/nipn-docs/ru-domain-rules.txt (In Russian, although a domain template is available in English)</p>
Spain	.ES	http://www.REDIRIS.ES/es-nic/esnic.html nic@rediris.es

Singapore	SG	<p>http://www.nic.net.sg/dnr@nic.net.sg</p> <p>http://www.nic.net.sg/apply.html (10/1/95)</p> <p>The applicant registering this name certifies that, to her/his knowledge, the use of this name does not violate trademark or other statutes.</p> <p>Registering a domain name does not confer any legal rights to that name and any disputes between parties over the rights to use a particular name are to be settled between the contending parties using normal legal methods (see RFC 1591).</p> <p>By applying for the domain name and through the use or continued use of the domain name, the applicant agrees to be bound by the terms of SGNIC's current domain name policy (the 'Policy Statement') which is available at ftp://ftp.nic.net.sg/policy/sgnic.dnr.policy.txt.</p> <p>(The policy statement has not been finalized)</p>
Slovakia	SK	<p>hostmaster@Slovakia.EU.net</p> <p>gopher://sk2eu.eunet.sk/00/sk-domain/sk-domain-registration-info</p> <p>Domain should not match with registered trademark or other legal body, unless this body gives written permission. Geographic names can't be registered as domain. Top level domains can't be registered too (e.g. com.sk).</p> <p>A company can request removal of a domain if the domain is identical with registered trademark in the Slovak Republic in the case that the registration of the trademark was submitted before the domain was registered.</p>
Sweden	SE	<p>http://www.sunet.se/domreg/ registry@sunet.se</p> <p>http://www.sunet.se/kthnoc/Reg/index.sve.html (7/12/96) (Swedish)</p>
Taiwan	TW	<p>http://www.twnic.net/</p> <p>gopher://moesund.edu.tw/704X0/registration/proc-1</p>

Thailand	.TH	<p>http://www.thnic.net/ help@thnic.net</p> <p>ftp://ftp.thnic.net/form/THNIC-domain-template.txt</p> <p>The party requesting registration of this name certifies that, to her/his knowledge, the use of this name does not violate trademark or other statutes. Registering a domain name does not confer any legal rights to that name and any disputes between parties over the rights to use a particular name are to be settled between the contending parties using normal legal methods.</p>
United Kingdom	.UK	<p>http://www.nic.uk/ domreg@nic.uk</p> <p>http://www.britain.eu.net/naming-co/appeal-procedure.html</p> <p>* The following text pertains only to co.uk domains, other domains below .uk may differ. Please also see the Draft Proposals below</p> <p>Any disputes between organisations who claim the same domain name should be resolved between the organisations themselves. The naming committee will not become involved in such disputes.</p> <p>http://www.nic.uk/rules/rup2.htm</p> <p>Draft Rules for .UK Namespace (6/14/96)</p> <p>All NEW domain requests will conform to RFCs 1034, 1035, 1122, 1123 and any subsequent replacements. In addition, Nominet UK will apply a further set of restrictions on names, as described below...</p> <p>3 PROCESS DETAIL...</p> <p>Nominet UK may withdraw or suspend delegation of a name, ...</p> <p>if it is drawn to Nominet UK's attention that the name is being used in a manner likely to cause confusion to internet users</p> <p>where Nominet UK has been informed that legal action has been commenced regarding use of the name</p>
Uruguay	.UY	<p>http://www.rau.edu.uy/ regcom@rau.edu.uy</p>



DIGITAL
DEMOGRAPHICS
INCORPORATED

Legal Links Websites by Digital Demographics

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CHINA (CNNIC)

<http://www.cnnic.net.cn/cnnic/Inet03.html>

Article 23.

The administrators of domain names at each level shall not be responsible for making inquiries with the state administration authority for industry and commerce and trademark administration authority as to whether or not a users domain name is in conflict with a registered trademark or enterprise name or is harmful to the interests of any third party. The applicant itself shall be responsible for handling any disputes arising from such a conflict and bear the legal liability. Where a third-level domain name is identical to a trademark or enterprise name registered in China but the registered domain name is not owned by the holder of the registered trademark or enterprise name, if the holder of the registered trademark or enterprise name has not filed an opposition, the holder of the domain name may continue using its domain name. If the holder of the registered trademark or enterprise name files an opposition, the administrators of domain names at each level shall retain the domain name service for the holder of the domain name for 30 days from the date on which it is confirmed that the opponent owns the registered trademark rights or enterprise name rights, and the domain name service shall automatically cease after 30 days. Any legal liability and economic disputes during such period shall not concern the domain name administrators at the various levels.

IRELAND

<http://www.ucd.ie/hostmaster/ie-dom.html>

5. Updating and Termination of Registration

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Any of those registered as a contact person for a domain may at any time request an update to or termination of the domain's registration. The naming authority will normally give effect to such a request within the same delay as for a registration request.

When the holder of a domain name is changing service provider or engaging the services of an additional service provider, the new service provider is specifically excluded by the provisions of the preceding paragraph from requesting an update to the domain's registration. The new service provider may advise the naming authority of what is planned (and this is normally useful), but the latter shall take no action without first receiving a request from an already-registered contact person for the domain in question, who represents the holder of the domain name. By this means, the naming authority avoids acting with a third party to interfere in an existing relationship between service provider and client.

Whenever the naming authority receives conflicting requests for update to or termination of a domain's registration, the naming authority shall be free to determine which, if any, request to honour.

When a domain ceases to satisfy any of the conditions of reachability or of good management (see section 3 above), the contact person(s) shall be notified and given the opportunity to correct the deficiency. Should the necessary action not be taken within a reasonable delay, the naming authority shall be free to terminate registration of the domain without further notice.

Nominet UK Dispute Resolution Service

On learning of a dispute about an Internet Domain Name registered under a sub-domain of the .uk Top Level Domain, between the organisation or individual and another laying claim to a stronger right to register it, Nominet will assist the parties by providing the following services

Investigation

Formal action under the rules

The Nominet Alternative Dispute Resolution Service

Investigation

1. Nominet UK will seek to establish whether a mutually acceptable resolution to the dispute can be found by the impartial intervention of Senior Executive staff of Nominet UK.

Formal action under the rules

2. Under the rules for the .uk domain and sub-domains, Nominet UK may suspend delegation of an Internet Domain Name in certain circumstances. The dispute that arises most frequently is where it is drawn to Nominet UK's attention by a third party that in their view a Domain Name is being used in a manner likely to cause confusion to Internet users. There are other more objective circumstances which may lead to suspension, including where it is drawn to Nominet UK's attention that a Domain Name is administered in a way likely to endanger operation of the DNS.

3. If investigation does not lead to a mutually acceptable resolution of the dispute, Nominet UK will consider the evidence assembled during the investigation to determine whether the delegation of the Domain Name should be suspended.

4. If any party affected is dissatisfied with Nominet UK's decision to suspend (or not to suspend) delegation of a Domain Name, Nominet UK will, at that party's request, refer the suspension to an independent expert for a written recommendation that Nominet UK should confirm or revoke its decision.

5. Nominet UK maintains a list of independent experts. They will each be consulted on a rota basis, subject to any conflicts of interest identified by the expert in question.

6. The expert will be sent copies of all letters, faxes, e-mails and notes, together with a short statement by Nominet UK, confirming the background, timing and implementation of its decision.

7. The interested parties will be informed by Nominet UK of the referral to the expert and provided with copies of relevant documents. The expert will invite the parties affected by the suspension, or failure to suspend, to make one written submission, within 14 days, of his or her receipt of all the documents referred to in paragraph 6.

8. Neither party will have the right to call for a hearing before the expert at which witnesses would be examined. The expert may invite the parties to appear before him or her.

9. The expert will issue his or her written recommendation to Nominet UK with reasons, with copies to

any other party, no later than one month after receipt of the documents referred to in paragraph 6 above from Nominet UK.

10. Immediately on receipt of the expert's recommendation, Nominet UK will reconsider its earlier decision to suspend, or not to suspend, the delegation of the Domain Name. A final decision will be made and confirmed to all interested parties.

11. If either party is dissatisfied with Nominet UK's final decision on suspension or delegation of the Domain Name, Nominet UK will inform the parties of the Nominet Alternative Dispute Resolution Service, administered by the Centre for Dispute Resolution (CEDR) and forward to them details of the service. If one of the parties refuses to enter into a mediation agreement (or mediation does not resolve the dispute), the dissatisfied party will remain in a position to seek advice from its lawyers about pursuing its case by litigation in the courts or (with the agreement of the other party) in arbitration.

The Nominet Alternative Dispute Resolution Service

12. Nominet UK ADR is a form of mediation whereby parties to a dispute agree with a neutral third party intermediary to assist them to reach a negotiated settlement agreement. Mediation fees and expenses are borne by the parties. The process aims to avoid the delay, expense and confrontation associated with litigation and arbitration. Parties invoking the Nominet UK ADR Service do not have to pay a membership or arrangement fee to CEDR. Mediation fees will be quoted, on request, by the CEDR helpdesk (tel. +44 (0) 171 481 4441, fax +44 (0) 171 481 4442).

13. Mediation (sometimes described as conciliation) is non-binding in that there is no commitment to settle and the mediator has no power to impose a solution. However, when an agreement is reached it may be documented and signed by the parties. This will create an enforceable contract at the option of the parties, which can be used in Court.

14. CEDR have been appointed to provide accredited intermediaries for Nominet UK at a specially reduced rate, and to administer the Nominet Alternative Dispute Resolution Service. The organisation is an independent non-profit making body whose aims are supported by the CBI, the DTI and the IOD. They offer a free telephone advice line for parties interested in taking an Internet domain name dispute to mediation, subject to common sense restraints.

**NETWORK SOLUTIONS'
DOMAIN NAME DISPUTE POLICY
PRESENT AND FUTURE**

Philip L. Sbarbaro

Picture yourself in a wide, fast-running cold water creek between two mountainsides, one populated by the Hatfields and the other by the McCoys. As you stand knee-deep in that freezing current, which seems to be rising rapidly, look up to one side at the McCoys, rifles loaded, cocked, and aimed. Directly across the creek stand the Hatfields, equally prepared. Some of those rifles, more than you can count, are aimed directly at you. Call yourself "the registry."

Network Solutions, Inc., the worldwide registry for the .com Top Level Domain on the Internet, finds itself caught between nearly 12 million trademark owners on one side and 1,200,000 domain name holders¹ (increasing at a rate of approximately 100,000 holders per month) on the other side.

The Trademark Owners' Position

According to the trademark owners, "the real McCoys," who have spent many generations and many millions, if not billions, of dollars, lire, kroner, pounds, marks, etc., instilling their good names with meaning and identification, there is no new issue presented by the phenomenon known as the Internet. It is simply just one more medium, just one more marketplace, where all normal legal constraints and precedents apply. There is nothing "special" about a domain name. Take someone's trademark as a domain name at your peril; ignorance is no excuse. Correctly or incorrectly, trademark owners assume that a domain name is

synonymous with a trademark. Once that assumption is made, causes of action against domain name holders are limited only by the creativity of the trademark owners' marksmen. Infringement, dilution, unfair competition, and that perennial favorite, "interference with prospective economic advantage," in all of the various federal and state varieties, tend to be most popular and effective.

On occasion, trademark owners sue domain name holders who also have nearly identical trademarks.² The causes of action tend to be the same as described above, with the addition of claims for breach of contract. In some cases, the two trademark owners have met before and have some sort of bilateral agreement which predates the Internet conflict, and it is this agreement that is alleged to have been breached.

The Domain Name Holders' Position

According to the domain name holders, who are very intelligent, aggressive, vocal, and, perhaps most important, Internet-literate, first come, first served has always been the rule on the Internet. Someone has applied for and obtained a domain name, has been using it unaccosted and without interruption for months or years, either in business or simply as a communications device, is confronted and affronted by some "wealthy trademark owner" who, only now, sees the benefit of a new technology which will forever change the way the world communicates.

When attacked or even threatened by a trademark owner, domain name holders respond in kind by suing for declaratory judgment, alleging, *inter alia*, an actual and justiciable controversy, "senior rights" and prior use on the Internet, no violation of law concerning infringement or dilution, and the right to continued use.

It has been estimated that as many as 50 trademark owner-domain name holder cases are now before the courts. Like any other lawsuits, some move quickly, while some move more slowly and become quite expensive. Eventually, they all end and the losers are told by the court,

through an injunctive decree, what to do. These cases do not involve the registry: the registry is not named as a party. When Network Solutions receives a file-stamped copy of the injunction, it dutifully assists either the loser or the prevailing party in complying with the court's order.

Eventually, precedent will be set that a trademark either is or is not the same as a domain name; that use of another's trademark as a domain name on the Internet either is or is not trademark infringement and/or dilution; that a domain name holder either can or cannot register a domain name for the purpose of selling it;³ that a domain name either is or is not bound by technical classifications or geographic boundaries; and will determine all of the other various intellectual property rights and jurisdictional issues. At the moment, however, few legal precedents exist for these issues. There is nothing but the sound of gunfire across the creek.

The Internet Registry

Faced with overwhelming odds from both sides, Network Solutions, or any registry for that matter, stands squarely in the middle of that creek. Without legal precedent, and without immunity from suit for alleged intellectual property right violations, Network Solutions must fend for itself.

On the one side, as of June 20, 1997, 17 trademark holders (out of approximately 12 million) have included Network Solutions, as registrar, in their suits against domain name holders. Causes of action, even more imaginative than the allegations against the domain name holders themselves, include contributory infringement or dilution, unfair competition, breach of contract based upon a theory of third-party beneficiary, and negligent interference with prospective business relations.⁴ Some have sought damages, compensatory and punitive; some have sought injunctive relief. None have succeeded.

On the other side, as of the same day, nine (out of approximately 1,200,000) domain name holders have sued Network Solutions when faced with the possibility that the use of their

domain name would be suspended, pending resolution of their dispute with an owner of a federally registered trademark. These domain name holders have believed it necessary or appropriate to sue the registry along with the trademark owner, or sometimes to sue the registry alone. Causes of action have included breach of contract based upon third-party beneficiary, detrimental reliance, and interference with contractual relations. Some have sought damages, compensatory and punitive; some have sought injunctive relief. Only one has been partially successful.⁵

Network Solutions assigns second-level domain names, in the Top Level Domain .com, on a first come, first served basis. This process is totally automated with an electronic application form which simply calls for the requested domain name and, if it is available, permits its assignment in a matter of hours, sometimes minutes. No human intervention is involved. No trademark analysis is performed. In contrast to the pendency of an application for a trademark (16.7 months, according to U.S. Patent and Trademark Office statistics),⁶ a domain name is assigned within anywhere from five minutes to three or four days. Network Solutions' process is not unlike that of the New York Stock Exchange (NYSE), in its assignment of trading symbols. The Federal District Court in Los Angeles held that the NYSE registration process does not constitute "contributory infringement" of anyone's trademark.⁷ The court additionally held that the NYSE had no duty to police the mark for a trademark owner. "The owner of a trade name must do its own police work."⁸

On December 2, 1996, the Federal Court in Los Angeles⁹ held that Network Solutions "is under no general duty to investigate" whether a given domain name registration is improper, citing the MDT Corp. v. New York Stock Exchange, Inc. decision.

All told, 29 suits out of nearly 1,200,000 registrations (or two-thousandths of one percent) have included the registry as a defendant. Twenty of the 26 suits have been dismissed and one has been stayed. Some commentators would say that the system seems to be working;

others would say that the chaos is clear. It depends upon one's frame of reference. It should be apparent from these actual statistics, however, that only the fringe element or the uninformed believe it in their interest to sue the Internet registry. Such a tactic makes an adversary of the registry, which is simply a stakeholder in the dispute, with no financial or other interest in the assignment of the particular domain name in dispute; increases litigation costs; and generally deflects attention from the true controversy between the two claimants. However, until precedent exists to dissuade such plaintiffs, or registries receive immunity from suits for contributory infringement or dilution for performing their registration function, there will be advocates who will continue to chase this ambulance.

The Dispute Policy

Without precedent or immunity to protect the registry from attack by potentially 12 million trademark owners, and to give domain name holders a certain amount of time to determine their own future, among other reasons, Network Solutions implemented a Dispute Policy with the oversight and concurrence of the National Science Foundation. The Dispute Policy does not resolve any dispute; it was not intended to resolve disputes. It was and is intended to benefit Network Solutions and to present a domain name holder with five possible responses to an attack by an owner of a federally registered trademark. Only in certain circumstances will the registry use its limited discretion to place the domain name on "hold."¹⁰ As of this writing, approximately 930 domain names out of 1,200,000 (or eight hundredths of one percent) have been placed on hold pending resolution, either way, of the dispute. When placed on hold, the domain name registrant is *not* changed and the domain name is *not* "deleted," as has been suggested by some authors. The domain name is simply placed in suspension so that neither claimant can use it. This is the provision to which domain name holders have objected. Some domain name holders believe that it is the registry's duty to permit the domain name to

continue unobstructed and to thus incur liability as a contributory infringer or diluter. The registry, on its own behalf and that of the National Science Foundation, the Internet Assigned Numbers Authority, the Internet Activities Board, the Internet Society, and all of their directors, officers, employees, and agents, has declined to incur such potential liability.

Section 7 of the Dispute Policy makes three points abundantly clear: (1) that the registry, although not named in a particular case, will immediately abide by any court order which is issued in the case; (2) that the registry will deposit the domain name, through notarized declaration, with the registry of the court which will then have complete dominion and control over it; and (3) that, regardless of which party first sues the other claimant, *before* the registry places the name on hold, the registry will maintain the status quo and not touch the domain name.

Conclusion

Someday there may be no need for a domain name Dispute Policy. Sufficient legal precedent or legislative immunity will have been set in place to eliminate the necessity. At present, however, nothing other than the Dispute Policy protects the Internet registry and its governing organizations from the power, as yet unused, of the trademark owners of the world.

Pike County, Kentucky, is quiet these days. Perhaps the Hatfields and the McCoys grew tired of the feud after 25 years, or are so intermarried that you can no longer tell one from the other. Time has a way of resolving things. Participants in the present feud can choose to attack each other and the registry. They can choose to communicate and to govern themselves. They should choose wisely, before the governments of the world choose for them.

Philip L. Sbarbaro, Esq., is outside general counsel of Network Solutions, Inc., the registry for the Top Level Domains .com, .org, .net, .edu, and .gov. This essay is a chapter in Coordinating the Internet, a collection of papers organized by Harvard University to be published by MIT Press on July 1, 1997

¹ A domain name is assigned to an applicant who then becomes a "registrant." "Holder" rather than "owner" more clearly describes the relationship between a registrant and the assigned domain name. Telephone numbers are also assigned to holders rather than owned.

² American Commercial Inc. d/b/a Mikasa and Mikasa Licensing, Inc. v. Sports and Leisure International d/b/a Mikasa Sports, Civil Action No. 96-713LHM (U.S.D.C. C.D. Cal.); Mattel, Inc. et al v. Hasbro, Inc. et al., Civil Action No. 96-7635, (U.S.D.C. C.D. Cal.).

³ A November 1, 1996, scholarly opinion by the federal court in Los Angeles in Panavision International, L.P. v. Dennis Toeppen, et al., Civil Action No. 96-3284 DDP (U.S.D.C. C.D. Cal.) may end "piracy" of famous trademarks.

⁴ A December 2, 1996, opinion by the federal court in Los Angeles in Panavision International, L.P. v. Dennis Toeppen, et al., Civil Action No. 96-3284 DDP (U.S.D.C. C.D. Cal.) granted Network Solutions' motion against the trademark holder's sole cause of action against Network Solutions for "negligent interference with prospective economic advantage."

⁵ One preliminary injunction was issued in state court proceedings in Boulder, Colorado, without presentation of documentary evidence or any witnesses. The court then immediately stayed the proceedings pending the result of parallel interpleader proceedings in federal court.

⁶ According to the 1995 Annual Report of the U.S. Commissioner of Patents and Trademarks, 75,375 United States trademark registrations were issued in fiscal year 1995 (averaging 6,281 registrations per month), and the pendency of a trademark application for the same period was 16.7 months from filing to registration.

⁷ MDT Corp. v. New York Stock Exchange, Inc., 858 F. Supp. 1028 (C.D. Cal. 1994).

⁸ Id. at 1034.

⁹ Panavision International, L.P. v. Dennis Toeppen, et al., Civil Action No. 96-3284 DDP (U.S.D.C. C.D. Cal.).

¹⁰ The British registry has substantially more discretion. Under the rules for Nomnet UK, dated July 25, 1996, the British registry can "withdraw or suspend delegation of a name" under five broadly defined situations:

- if the name is administered in a way likely to endanger operation of the DNS
- if the basis on which the name was registered has changed (e.g. the organisation making the application no longer exists). This does not include a change in UKNIC rules for names subsequent to the name being delegated, but does include the case where the automaton failed to correctly apply the existing rules
- if it is drawn to Nomnet UK's attention that the name is being used in a manner likely to cause confusion to internet users
- where Nomnet UK has been informed that legal action has been commenced regarding use of the name
- where Nomnet UK is of the opinion that one of the above events is likely to occur.



 NETWORK
SOLUTIONS

NETWORK SOLUTIONS' DOMAIN NAME DISPUTE POLICY
(Revision 02, Effective September 9, 1996)

INTRODUCTION

Network Solutions, Inc. ("Network Solutions") is responsible for the registration of second-level Internet domain names in the top level COM, ORG, GOV, EDU, and NET domains. Network Solutions registers these second-level domain names on a "first come, first served" basis. By registering a domain name, Network Solutions does not determine the legality of the domain name registration, or otherwise evaluate whether that registration or use may infringe upon the rights of a third party.

The applicant ("Registrant") is responsible for the selection of its own domain name ("Domain Name"). The Registrant, by completing and submitting its application, represents that the statements in its application are true and that the registration of the selected Domain Name, to the best of the Registrant's knowledge, does not interfere with or infringe upon the rights of any third party. The Registrant also represents that the Domain Name is not being registered for any unlawful purpose.

Network Solutions does not act as arbiter of disputes between Registrants and third party complainants arising out of the registration or use of a domain name. This Domain Name Dispute Policy ("Policy") does not confer any rights, procedural or substantive, upon third party complainants. Likewise, complainants are not obligated to use this Policy.

The following prescribes the procedural guidelines Network Solutions may employ when faced with conflicting claims regarding the rights to register an Internet domain name. This Policy does not limit the administrative or legal procedures Network Solutions may use when conflicts arise.

GUIDELINES

1. **Modifications.** Registrant acknowledges and agrees that these guidelines may change from time to time and that, upon thirty (30) days posting on the Internet at <ftp://rs.internic.net/policy/internic.domain.policy>, Network Solutions may modify or amend this Policy, and that such changes are binding upon Registrant.
2. **Connectivity.** At the time of the initial submission to Network Solutions of the Domain Name request, the Registrant is required to have operational name service from at least two operational domain name servers for that Domain Name. Each domain name server must be fully connected to the Internet and capable of receiving queries under that Domain Name and responding thereto. Failure to maintain two active domain name servers may result in the revocation of the Domain Name registration.
3. **Indemnity.** Registrant hereby agrees to defend, indemnify and hold harmless (i) Network Solutions, its officers, directors, employees and agents, (ii) the National Science Foundation ("NSF"), its officers, directors, employees and agents, (iii) the Internet Assigned Numbers Authority ("IANA"), its officers, directors, employees and agents, (iv) the Internet Activities Board ("IAB"), its officers, directors, employees and agents, and (v) the Internet Society ("ISOC"), its officers, directors, employees, and agents (collectively, the "Indemnified Parties"), for any loss or damages awarded by a



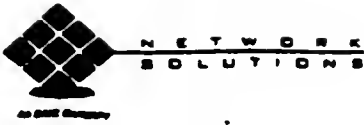
court of competent jurisdiction resulting from any claim, action, or demand arising out of or related to the registration or use of the Domain Name. Such claims shall include, without limitation, those based upon intellectual property trademark or service mark infringement, tradename infringement, dilution, tortious interference with contract or prospective business advantage, unfair competition, defamation or injury to business reputation. Each Indemnified Party shall send written notice to the Registrant of any such claim, action, or demand against that party within a reasonable time. The failure of any Indemnified Party to give the appropriate notice shall not effect the rights of the other Indemnified Parties. Network Solutions recognizes that certain educational and government entities may not be able to provide indemnification. If the Registrant is (i) a governmental or non-profit educational entity, (ii) requesting a Domain Name with a root of EDU or GOV and (iii) not permitted by law or under its organizational documents to provide indemnification, the Registrant must notify Network Solutions in writing and, upon receiving appropriate proof of such restriction, Network Solutions will provide an alternative indemnification provision for such a Registrant.

4. **Revocation.** Registrant agrees that Network Solutions shall have the right in its sole discretion to revoke a Domain Name from registration upon thirty (30) days prior written notice, or at such time as ordered by a court, should Network Solutions receive a properly authenticated order by a federal or state court in the United States appearing to have jurisdiction, and requiring the Registrant to transfer or suspend registration of the Domain Name.

5. **Third Party Dispute Initiation.** Registrant acknowledges and agrees that Network Solutions cannot act as an arbiter of disputes arising out of the registration of a Domain Name. At the same time, Registrant acknowledges that Network Solutions may be presented with information that a Domain Name registered by Registrant violates the legal rights of a third party. Such information includes, but is not limited to, evidence that the second-level Domain Name (i.e., not including .COM, .ORG, .NET, .EDU, or .GOV) is identical to a valid and subsisting foreign or United States federal Registration of a trademark or service mark on the Principal Register that is in full force and effect and owned by another person or entity ("Complainant"):

(a) Proof of such a trademark must be by submission of a certified copy, not more than six (6) months old, of a United States Principal or foreign registration (copies certified in accordance with 37 CFR 2.33(a)(1)(viii) or its successor will meet this standard for registrations in jurisdictions other than the United States ("Certified Registration")). Trademark or service mark registrations from the Supplemental Register of the United States, or from individual states (such as California) of the United States are not sufficient.

(b) In addition to the proof required by Section 5(a), the owner of a trademark or service mark registration must give prior notice to the Domain Name Registrant, specifying unequivocally and with particularity that the registration and use of the Registrant's Domain Name violates the legal rights of the trademark owner, and provide Network Solutions with a copy of such notice. Network Solutions will not undertake any separate investigation of the statements in such notice.



(c) In those instances (i) where the basis of the claim is other than a Certified Registration described above, or (ii) where the Complainant fails to provide the proof of notice required by Section 5(b), the third party procedures in Section 6 will not be applied.

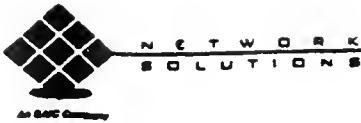
6. **Third Party Procedures.** In those instances where a third party claim is based upon and complies with Section 5(a and b), Network Solutions may apply the following procedures, which recognize that trademark ownership does not automatically extend to a Domain Name and which reflect no opinion on the part of Network Solutions concerning the ultimate determination of the claim:

(a) Network Solutions shall determine the activation date of the Registrant's Domain Name.

(b) If the Registrant's Domain Name activation date is before the earlier of (i) the date of first use of the trademark or service mark in the Certified Registration or (ii) the effective date of the valid and subsisting Certified Registration owned by the Complainant, or, if Registrant provides evidence of ownership of a trademark or service mark as provided in Section 5, the Registrant shall be allowed to continue the registration and use of the contested Domain Name, as against that Complainant and subject to the remaining terms of this Policy.

(c) If the activation date of the Domain Name is after the earlier of (i) the date of first use of a Complainant's trademark or service mark in the Certified Registration, or (ii) the effective date of the valid and subsisting Certified Registration owned by the Complainant, then Network Solutions shall request from the Registrant proof of ownership of Registrant's own registered mark by submission of a certified copy, of the type and nature specified in Section 5(a) above, owned by the Registrant and which was registered prior to the earlier of the date of Network Solutions' request for proof of ownership above or any third party notifying the Registrant of a dispute. The mark provided must be identical to the second-level Domain Name registered to the Registrant.

(d) If the Registrant's activation date is after the dates specified in Section 6(b), or the Registrant fails to provide evidence of a trademark or service mark registration to Network Solutions within thirty (30) days of receipt of Network Solutions' request, Network Solutions will assist Registrant with assignment of a new domain name, and will allow Registrant to maintain both names simultaneously for up to ninety (90) days to allow an orderly transition to the new domain name. Network Solutions will provide such assistance to a Registrant if and only if Registrant (1) submits a domain name template requesting the registration of a new domain name; and (2) submits an explicit written request for assistance, including an identification of the Registrant's desired new domain name and the tracking number assigned by Network Solutions in response to the new domain name template, both within thirty (30) days of receipt of Network Solutions' original notice of the complaint. At the end of the ninety (90) day period of simultaneous use, Network Solutions will place the disputed Domain Name on "Hold" status, pending resolution of the dispute. As long as a Domain Name is on "Hold" status, that Domain Name registered to Registrant shall not be available for use by any party.



(e) In the event the Registrant (1) fails to provide the documentation required by Section 6(c) of a trademark or service mark registration within thirty (30) days of receipt of Network Solutions' dispute notification letter, (2) provides Network Solutions written notification that Registrant will neither accept the assignment of a new domain name nor relinquish its use of the Domain Name, or (3) fails to take any action or provide any written notice within the times specified in this Section 6, whichever event occurs first, Network Solutions will place the Domain Name on "Hold." As long as a Domain Name is on "Hold" status, that Domain Name registered to Registrant shall not be available for use by any party.

(f) Network Solutions will reinstate the Domain Name placed in a "Hold" status (i) upon receiving a properly authenticated temporary or final order by a federal or state court in the United States having competent jurisdiction and stating which party to the dispute is entitled to the Domain Name, or (ii) if Network Solutions receives other satisfactory evidence from the parties of the resolution of the dispute.

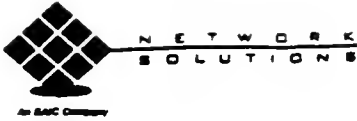
7. **Litigation.** In the event that, prior to the Domain Name being placed on "Hold":

(a) The Registrant files suit related to the registration and use of the Domain Name against the Complainant in any court of competent jurisdiction in the United States, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy and pending a temporary or final decision of the court, provided that the Registrant provides a copy of the file-stamped Complaint to Network Solutions. In such cases, Network Solutions will deposit control of the Domain Name into the registry of the court. Registrant also shall promptly provide copies of any and all pleadings filed in the action to Network Solutions upon Network Solutions' request.

(b) The Complainant files suit related to the registration and use of the Domain Name against the Registrant in any court of competent jurisdiction in the United States and provides Network Solutions with a copy of the file-stamped Complaint, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy, and will deposit control of the Domain Name into the registry of the court pending a temporary or final decision of the court.

(c) In both instances, under Section 7 (a and b), Network Solutions will immediately abide by all temporary or final court orders directed at either Registrant or Complainant, without being named as a party to the suit. If named as a party to a law suit, Network Solutions shall not be limited to the above actions, but reserves the right to raise any and all defenses deemed appropriate.

8. **DISCLAIMER.** REGISTRANT AGREES THAT NETWORK SOLUTIONS WILL NOT BE LIABLE FOR ANY LOSS OF REGISTRATION AND USE OF REGISTRANT'S DOMAIN NAME, OR FOR INTERRUPTION OF BUSINESS, OR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING LOST PROFITS) REGARDLESS OF THE FORM OF ACTION WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR



OTHERWISE, EVEN IF NETWORK SOLUTIONS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL NETWORK SOLUTIONS' MAXIMUM LIABILITY UNDER THESE POLICY GUIDELINES EXCEED FIVE HUNDRED (\$500.00) DOLLARS.

9. **Notices.** All notices or reports permitted or required under this Policy shall be in writing and shall be delivered by personal delivery, facsimile transmission, and/or by first class mail, and shall be deemed given upon personal delivery, or seven (7) days after deposit in the mail, whichever occurs first. Initial notices to the Registrant shall be sent to the Domain Name Administrative Contact at the address associated with the Domain Name Registrant listed in the InterNIC Registration Services' database (i.e., the address contained in Section 3 of the Domain Name Registration Agreement (template)).

10. **Non-Agency.** Nothing contained in this Policy shall be construed as creating any agency, partnership, or other form of joint enterprise between the parties.

11. **Non-Waiver.** The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself.

12. **Breach.** Registrant's failure to abide by any provision under this Policy may be considered by Network Solutions to be a material breach and Network Solutions may provide a written notice, describing the breach, to the Registrant. If, within thirty (30) days of the date of mailing such notice, the Registrant fails to provide evidence, which is reasonably satisfactory to Network Solutions, that it has not breached its obligations, then Network Solutions may revoke Registrant's registration of the Domain Name. Any such breach by a Registrant shall not be deemed to have been excused simply because Network Solutions did not act earlier in response to that, or any other, breach by the Registrant.

13. **Invalidity.** In the event that any provision of this Policy shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such unenforceability or invalidity shall not render this Policy unenforceable or invalid as a whole. Network Solutions will amend or replace such provision with one that is valid and enforceable and which achieves, to the extent possible, the original objectives and intent of Network Solutions as reflected in the original provision.

14. **ENTIRETY.** THESE GUIDELINES, AS AMENDED, AND THE REGISTRATION AGREEMENT (TEMPLATE) TOGETHER CONSTITUTE THE COMPLETE AND EXCLUSIVE AGREEMENT OF THE PARTIES REGARDING DOMAIN NAMES. THESE GUIDELINES SUPERSEDE AND GOVERN ALL PRIOR PROPOSALS, AGREEMENTS, OR OTHER COMMUNICATIONS BETWEEN THE PARTIES. REGISTRANT AGREES THAT REGISTRATION OF A DOMAIN NAME CONSTITUTES AN AGREEMENT TO BE BOUND BY THIS POLICY, AS AMENDED FROM TIME TO TIME.

ORAL TESTIMONY ORIGINAL

Good Morning, Mr. Chairman, members of the Subcommittee, I am Gabe Battista, the Chief Executive Officer of Network Solutions, Inc. I welcome the opportunity to appear before you today to address what we, at Network Solutions, believe to be one of the issues affecting the future development of the Internet – the trademark-domain name controversy.

In my few minutes here this morning, let me (1) give you an overview of the issue; (2) a sense of the legal problems involved. (3) tell you how Network Solutions has managed the problem, (4) present some actual statistics indicating the size of the problem and, (5) finally, offer some observations for the future.

(1) When the Internet began, few were worried about trademark law. The Internet, largely a military, and research and

education medium for the Defense Department and academicians. ^{Academicians} was not being used for commercial purposes. With the onset of commercial usage in early 1995, conflicts surfaced between trademark owners and domain name holders. By its very nature, the Internet is international; it knows no borders. Once connected, the entire globe is accessible. It didn't take long for the commercial interests here in the United States and the international community to see the value in this new medium as a marketplace.

Existing side by side with this new medium was the law of trademarks, with all of its complexity. There are common law trademarks, federally-registered trademarks, state-registered trademarks, and trademarks which are licensed by the owner to others. Then, of course, there are also trademarks registered by 170 countries all over the world, with differing standards and procedures for registration, enforcement, opposition and maintenance, and finally, there are various applicable international treaties. There is no uniform, consistent body of trademark law to which the world adheres. International trademark protection is

complex, as each country has different rules and requirements, and, most critical to our purpose here, none of it speaks to the relationships between trademarks and domain names.

As the Internet commercialized, and more and more domain names were registered, those domain names were viewed by trademark owners as identical to their trademarks, or "similar enough," to be confusing to the public. The Internet's 21st Century, "boundary-free" ^{Internet} technology began to collide with 19th Century "territorial" trademark law. Two very powerful groups, trademark owners (approximately 800,000 alone on the U.S. Patent and Trademark Office's active register) and domain name holders (now, approximately 1,500,000, just at Network Solutions) began to complain about each other.

Let's look at the legal problems.

(2) On the one side, the trademark owners of the world have spent vast sums instilling their trademarks with value. The Pepsi-Cola Company, for example, estimates its trademark to be worth

\$30 Billion. They are intent upon protecting it. To trademark owners, the Internet is just another medium – like billboards, radio, and television. Trademark owners argue that the use of their trademarks by others on the Internet confuses the public and dilutes their valuable asset. There is a presumption in this position, however. Trademark owners presume that a domain name is synonymous with a trademark.

On the other side, we find the domain name holders, who have registered their domain names on a “first-come, first-served” basis, and who may or may not use the name for commercial purposes. They are affronted by “aggressive and powerful trademark owners” (as they see it) who, only now, see the benefit of the new and expanding medium. Domain name holders feel they have “senior rights” to their domain names on the Internet, through prior use, and they have contracts with the registrar to have those domain names.

Most of these disputes settle. Only the most aggressive actually sue each other to resolve the matter between them.

Those trademark owners who do sue, sue for infringement, dilution, unfair competition and related causes of action. Trademark owners contend that the domain name holder is using the domain name in commerce and confusing the public. Trademark owners argue that the Internet crosses all borders and affects their trademarks worldwide. On occasion, trademark owners of the same trademark sue each other over the same domain name.

Domain name holders sue for declaratory relief. They point to the void in the law where no court has held that a domain name is synonymous with a trademark. They argue that trademarks are "territorial," that is, that they exist in each country solely according to that country's statutory scheme. They argue that the entire Internet cannot be subjected to the ambiguity of the conflicting trademark laws of 170 different countries; that the Internet is more than a commercial marketplace; it is a medium of free and open communication. They argue that domain name registration has nothing to do with a trademark.

There is no simple solution, no quick fix, to this problem. Both sides have rights; both sides have strong positions.

(3) In response to this problem, and in an attempt to enhance the growth of the Internet, in the Summer of 1995, Network Solutions instituted a Dispute Policy which tried to recognize the interests of both sides, while attempting to maintain the position of the registrar as a neutral party. There have been approximately 300 lawsuits concerning domain names. In 25 of them, trademark owners such as Panavision, Porsche, YKK, Hewlett-Packard, Mattel and Prince Sports, have also sued Network Solutions in their cases against domain name holders or other trademark owners. Without immunity from suit in this kind of case, and without a single court decision which holds that what a registrar does could not constitute contributory infringement or dilution, Network Solutions instituted its Policy.

The Policy was a proactive attempt to be fair to both sides, while not creating any legal position one way or the other. The

Policy sets out clear procedures for both sides, allows the Internet to grow, and, yet, attempts to protect the registrar from loss. We didn't ignore the problem. We took it head on, and I'm very proud of what we have accomplished – to the benefit of all parties concerned. I think it was the right thing to do.

Network Solutions required that every domain name holder, who registered a domain name with Network Solutions, agree to the Dispute Policy, which was implemented with the concurrence of the National Science Foundation. The Policy does not resolve disputes; it was not intended to resolve disputes. It was and is intended to provide trademark owners with an administrative avenue to deal with domain name holders, while providing domain name holders with five possible alternatives and the time to consider them. At the same time, the Policy attempts to extricate the registrar from the equation. In the absence of clear authority over this kind of situation, it was the only practical approach.

In certain circumstances, if the domain name holder fails to choose any of the options, we will use our limited discretion to

suspend a domain name. Please understand, when a name is “suspended”, the domain name holder is not changed and the name is not deleted. It is simply placed in suspension so that neither claimant (trademark owner or domain name holder) can use it until they resolve the dispute. This, of course, is the provision to which domain name holders have objected. Some domain name holders believe it is the registrar’s duty to permit the domain name to continue in use and, thus, to incur liability as a contributory infringer or diluter. We don’t agree. The Internet is a volatile and fragile new medium and marketplace. A registrar must find ways to resolve issues for the benefit of Internet growth, and its own viability.

(4) Let’s look at the results of the Policy. Network Solutions has received 3,137 complaint letters from trademark owners against domain name holders. Of those 3,137 complaints, 1,711, or about half (54%) resulted in the application of the Dispute Policy. Of these 1,700 cases, 659 (or about 38%) are currently suspended under the terms and conditions of the Dispute

Policy...that's 659 out of the approximately 1,560,000 domain names currently registered, or four hundredths of 1 %. The proof is in the numbers, and I suggest that, on balance, our Dispute Policy is working very well. It has significantly reduced the time and cost of conflict between the parties. It is a practical solution to a difficult problem we face every day. The problem is no different than other intellectual property issues (such as copyrights) arising in this new medium.

(5) Someday, we believe, there will be no need for a domain name Dispute Policy. Time has a way of resolving things. Sufficient legal precedent which defines the legal relationship between trademarks and domain names will have evolved and such disputes will have diminished. This is exactly what happened in other new mediums throughout history. We should not overreact to a situation that will eventually resolve itself.

In summary: we believe that the world's population, not just American citizens, should have open, immediate, and inexpensive

access to the Internet. It is a wonderful medium for world information, and for eliminating closed societies and governments. On the other hand, the intellectual property rights of world commerce must be respected and facilitated. We must all try to align and further these two interests, and work our way through it.

We are accustomed to immediate results; immediate solutions. Well, that's not the situation before us. It's too complex and it's too important to rush to judgment. Until there is a solution, we believe there is no better alternative to our current Dispute Policy, which maintains a cost-effective approach and lets the Internet grow. We address the issue every day and we try to make it fair for both sides.

I would like to thank you, Mr. Chairman, and the Members of the Subcommittee for allowing me to reflect briefly on these issues. I will be happy to answer any questions that you have to the best of my ability.

(1656 words)

Mr. COBLE. Thank you, Mr. Battista.
Mr. John Wood.

**STATEMENT OF JOHN WOOD, SENIOR INTERNET
CONSULTANT, PRINCE, PLC**

Mr. JOHN WOOD. Good morning. My name is John Wood of PRINCE plc.

Mr. COBLE. Wait a minute. Mr. Wood, if you can pull that mike just a little closer to you so the reporter can hear you clearly. Thank you, sir.

Mr. JOHN WOOD. First time user. Good morning. My name is John Wood of PRINCE plc. PRINCE is a small UK-based corporation whose business is built in part on the Internet. While based in the UK, we provide consulting services to companies and organizations who desire to do business globally, often operating from very small organizational structures but wishing to compete successfully worldwide through the reach of the Internet and other foreign communications services.

In order to reach its customers, PRINCE felt it was essential to use a .com domain name registration, since by 1995 .com had become associated with international commercial entities like itself. In February of 1995, PRINCE plc obtained the domain name PRINCE.com in the UK via Internet service provider Demon Internet Limited from Network Solutions, Inc. of Herndon, Virginia on a first-come first-serve basis.

In my testimony, I will outline PRINCE's concerns about these issues and why we are working with others in industry to address the areas of concern. First, PRINCE is a small corporation whose business is built in part on the Internet. Second, we believe that a secure and commercial-grade Internet is an absolute requirement for a full growth of electronic commerce as it is envisioned both here in the U.S., in the UK, Europe and elsewhere, and for the success of our own business.

The present system already has some areas of concern related to trademarks and domain names. Hoarding of domain names has already been mentioned; the collision between domain names and trademarks, prompting the U.S. courts to subject domain names to trademark law and the challenges already arising to the NSI dispute resolution procedure; issues of how famous trademark holders' rights might be recognized as a special category; reverse hijacking, where a trademark holder pursues a domain name already in use.

Over time, domain names have become electronic brand names by which consumers identify the brand with the Internet address. Consequently, they have obtained commercial value, leading to some of the problems noted above.

Now, however, we are facing additional challenges. In particular, the proposed introduction of seven new TLDs now under consideration in the private sector led initiative known as the gTLD-MOU. This is creating a potentially serious concern for trademark holders who are already encountering serious challenges in policing their marks and dealing with cyber-squatters.

WIPO has issued a set of proposed dispute resolution procedures for comment by November 21, 1997, which many in the industry, including my own company, are preparing to submit comments on.

However, the guidelines, even with modification, cannot address all the problems which we had outlined above and, in fact, may exacerbate them.

The concern of many trademark holders is that multiple new gTLDs will create even more serious problems for trademark holders in policing their brands and in an environment where there are untested processes and procedures, thus adding to costs and confusion for end users.

In our view, the fundamental differences between domain names and trademarks are such that no real long-term resolution is yet proposed. Whereas domain names are unique and global, trademarks are multiple and enforced on a territorial basis. The situation is all the more urgent to address, because with rapid growth and the popularity of the Internet, famous trademark holders are being forced to dedicate increasing amounts of their resources to monitor domain name registrations and, where appropriate, litigating in far parts of the globe.

Conversely, legitimate domain name holders have come under attack from trademark registrants encouraged by dispute resolution policy into the belief that they are able to "reverse hijack" a domain name. This is what happened to my company.

We had been operating, as most users of the Internet do, assuming that all is well in the operational and administrative underpinnings which make things happen: the assignment of domain names, the mechanism for dispute resolutions. It was a shock to us to learn that our address on the Internet PRINCE.com was about to be yanked away from us and literally, without warning, of such a problem existing.

My testimony here today is intended to paint the picture of the average user of the Internet for business purposes and to provide a road map of the issues which we at PRINCE believe should be adequately discussed and addressed before implementation of a significant new system occurs on the Internet.

Although my testimony may seem to indicate that there is no way to resolve these concerns, in fact, this is not my view nor PRINCE's experience. We believe that there are actions which can be taken in both the short term and the long term. For instance, in the long term, a power action through the international harmonization of the trademark laws will help alleviate the problem and significantly benefit global companies. The creation of a searchable global database of registered marks will also provide a significant resource to registrars and help to alert and avoid potential collisions.

In the near term, creation of a "famous trademark" database which all registrars such as NSI would search as a part of the domain registration process will be helpful. Further, although this is highly controversial with the Internet community, a publication period, even a brief one, would be useful for both trademark holders and would-be domain name holders, as it could reduce the number of potential litigations that may occur.

We are particularly critical of cyber-squatting and raise questions about these practices and the negative impact on trademark holders. It seems to us that clear and effective administrative procedures could deal with this problem to a significant degree.

Finally, it should be noted that currently NSI registers approximately 3,000 domain names a day; yet it is only involved in 34 litigation proceedings. It is clear that there are serious concerns and that disputes between trademarks and domain names must be addressed in a thoughtful fashion.

More work is needed, including the involvement of the United States Patent Office and its counterparts in Europe and the rest of the world, along with WIPO and some broad and representative private sector entities.

My purpose is not to criticize either today's system nor the proposed new approach under discussion by WIPO, but to note that a collision is under way and one which, while we may not be able to avoid, can be managed through effective management and well thought out structures in order to avoid chaos in the marketplace.

Our end goal should be to ensure that end users, consumers, and businesses who rely on the Internet to reach each other to do business to obtain information have a high degree of certainty, that they know how to reach their intended destination, and that the companies who serve them by the Internet have the same certainty. Thank you very much, Mr. Chairman.

[The prepared statement of John Wood follows:]

PREPARED STATEMENT OF JOHN WOOD, SENIOR INTERNET CONSULTANT, PRINCE PLC

Good Morning. Thank you, Mr. Chairman, and members of the Subcommittee, for the opportunity to testify today, and to provide a viewpoint which may be somewhat unique in regard to the role of Internet Domain Names and Trademarks from the other witnesses. My name is John Wood and I am senior Internet consultant from Prince plc a UK Information Technology (IT) service provider, specializing in desktop migration services and information technology skills development since 1985.

In addition to my oral statement, I have provided a more detailed written statement. Following my statement, I will be pleased to respond to questions.

In February of 1995, Prince plc obtained the domain name "PRINCE.COM" in the UK via its Internet Service Provider (ISP), Demon Internet Limited. Like many other IT companies in general, and those serving a global clientele in particular, Prince felt it was essential that it had a .COM domain name registration since by 1995 .COM had become associated with international commercial entities like itself. Currently, entities such as ourselves wishing to have a .COM domain name space obtain it from Network Solutions, Inc. of Herndon, Virginia, who operate the .COM registry under a contract from the National Science Foundation, and issue them on a first-come first-serve basis.

I will begin my testimony by outlining why Prince plc is concerned about these issues, and why we are working with others in industry to address the areas of concern. First, Prince plc is a small corporation, whose business is built in part on the Internet. While based in the UK, we provide consulting services to companies and organizations who wish to do business globally, often operating from very small bases and organizations, but desirous to compete successfully through the Internet and other advanced communications services.

Second, we believe that a secure, commercial grade Internet is an absolute requirement for the success of our business, and for the full growth of electronic commerce as it is envisioned both here in the U.S., in the UK, Europe, and elsewhere.

I will set the stage for my comments, with a brief background statement on the underlying infrastructure since often these discussions have the appearance and sound of alphabet soup. The accessing of Internet email and Web sites is done using an Internet address. Internet addresses are made up of a domain name (PRINCE.COM) that is the alphanumeric equivalent of its corresponding IP address (194.200.207.65) by which the Internet identifies every user.

The present system already has some areas of concern related to trademarks and domain names: first, hoarding of domain names by entities in anticipation that registered trademark holders will pay money for their corresponding domain name—e.g. cybersquatting; second, the "collision" between domain names and trademarks, prompting the U.S. courts to subject domain names to trademark law and the challenges already arising to the NSI dispute resolution procedure; third, issues of how

famous trademark holders rights might be recognized as a special category; and fourth, reverse hi-jacking, where a trademark holder pursues a domain name already in use.

Over time, domain names have become electronic brand names by which consumers identify the brand with the Internet address. Consequently, they have attained commercial value, leading to some of the problem areas noted above.

Now we are faced with additional challenges:

In particular, the proposed introduction of 7 new TLDs, now under consideration in the private sector led initiative known as the gTLD-MOU, is creating potential serious concerns for trademark holders who are already encountering serious challenges in policing their marks, and dealing with "cybersquatters". At present, WIPO has issued for comment by November 21, 1997, a set of proposed dispute resolution procedures, which many in the industry are undertaking to submit comments on. However, the guidelines, even with modification, cannot address all of the problems which we have outlined above and in fact, may exacerbate them.

The concern of many trademark holders is that multiple new gTLDs will create even more serious problems for trademark holders in "policing" their brand in an environment where there are untested processes and procedures thus adding to cost and confusion for end users.

In our view, the fundamental differences between domain names and trademark are such that no real long term resolution is *currently* in sight. Whereas, domain names are unique (there is only one PRINCE.COM) and global, trademarks are multiple (there are over 1,000 marks with reference to PRINCE) and enforced on a territorial basis (under U.S. federal or state law etc.). The situation is becoming all the more urgent because, with the rapid growth and popularity of the Internet, which we all hope will continue, "famous trademark holders" are being forced to dedicate increasing amounts of their resources to monitoring domain name registrations and where appropriate, litigating in far flung parts of the globe. Conversely, legitimate domain name holders have come under attack from trademark registrants encouraged by the dispute resolution policy into the belief that they are able to "reverse hijack" a domain name. This is what happened to my company.

We had been operating, as most users of the Internet do, assuming that all was well in the operational and administrative underpinnings which make things happen: the assignment of domain names, and the mechanism for effective dispute resolutions, and the infrastructure by which data is sent from and received by servers and computers on the Internet, thus, delivering the millions and millions of packets of data which the Internet carries each day across the globe.

It was a shock to us to learn that our address on the Internet PRINCE.COM, was about to be yanked away from us, and literally, without warning of such a problem existing. My written statement provides the background to the situation, but my testimony here today is intended to paint the picture of the average user of the Internet for business purposes, and to provide a roadmap of the issues which we, at Prince, believe should be adequately discussed, and addressed, before implementation of significant new systems in the Internet.

While the current domain name system may have worked effectively in the past, it is increasingly in need of formalization and standardization as we move to a commercial grade Internet. Today, estimates are that over 60 million people use the Internet. By my last rough analysis, companies like AT&T and Bell Atlantic here in the U.S. have over 100 million consumers as customers. In the Europe, a similar picture exists. In short, as consumers increasingly use the Internet, the growth will be exponential; and we will move from 60 million users today to over 200 million, or more by the turn of the century. The current legal framework will not be able to cope.

The way ahead must be a global commercial solution. It must represent the conflicting interests and hold them accountable. It must also afford clear legal definition and redress, in order to provide a stable and secure commercial environment for the development of electronic commerce. In our view, in the long term, this will necessitate the need for parallel action through the international harmonization of the trademark law(s) and a searchable global database of registered marks.

In the near term, creation of a "famous trademark" database, which all registries, such as NSI, would search as part of the domain name registration process could be helpful. Further, a publication period (even a brief one) would be useful for both existing trademark holders and would-be domain name holders as it could help to reduce potential litigation down the road.

Finally it should be noted that currently NSI registers approximately 3,000 domain names a day, yet it is only involved in 34 litigation proceedings. It is clear that there are serious concerns, and that disputes between trademarks and domain names must be addressed in a thoughtful fashion, and that more work is needed,

including the involvement of the U.S. Office of Patents and Trademarks and its counterparts in Europe and other parts of the world, and, of course, WIPO, along with a broad and representative group of private sector entities, both commercial and non-commercial in nature.

My purpose is not to criticize either today's system nor the proposed new approach under discussion via the WIPO comment process, but to note that a collision is underway, and one, which while we may not be able to avoid, can be managed and, through effective management and well thought out structures, can help to avoid chaos in the marketplace. Our end goal should be to ensure that end users—consumers and businesses—who rely on the Internet to reach each other, to do business, and to obtain information, have a high degree of certainty that they know how to reach their intended destination and that the companies who serve them via the Internet have that same certainty.

1. Background

The domain name represents the alphanumeric equivalent of an Internet Protocol (IP) address. The IP address comprises four sets of number separated by dots, e.g. the PRINCE.COM domain name corresponds to the IP address 194.200.207.65. Domain names can contain letters A through Z and/or the numerical digits of 0 through 9 or other characters from the ASCII character set. In all, there can only be up to 24 characters in a domain name. The IP address and the domain name together constitute the Internet address of the computer or host that is connected to the Internet. The translation or resolution of the domain name to its corresponding IP address occurs ultimately on a root server via a configuration file or "root zone file". Addresses are needed so that users can find computers which contain information they want. Domain names are easier to remember for many users than a string of numbers, so they have become more popular. The domain name hierarchy is read from right to left within the domain name space. Levels are delineated by dots. Therefore, the top level domains (TLDs)—.EDU, .ORG., .NET, .COM, .GOV, .MIL, AND .INT, or the country code domains names based on ISO 3166 two letter extensions e.g., .DE, are found in the extreme right of the domain name space. It is to be pointed out that the requirements and standards for the administration and management of the TLDs varies from country to country. Thus, where the company designation appears in the string is dependent on the registration authority you use. To the immediate left is the second level domain, e.g. .CO, .UK.

The Internet Assigned Numbers Authority (IANA) has overall authority for IP addresses and domain names. The administration of the central database and directory containing all of the Internet addresses and domain names is carried out by the InterNIC (Internet Network Information Center). The TLDs including .COM since 1993 have been managed by Network Solutions, Inc. (NSI) based in Herndon, Virginia, under a five year Co-operative Agreement with the National Science Foundation (NSF). This agreement is due to expire on March 31, 1998. NSI administers domain names to would-be domain name holders on a first-come first-serve basis. Further, it is important to note that the domain name holder does not own the domain name, but merely has a right of use granted to it by the registrar, in this case NSI.

2. The Collision.

With time domain names have become more than mere Internet addresses. They have become electronic brand names associated with products, services, even new movies. e.g., WWW.MICROSOFT.COM, WWW.KISSTHEGIRLS.COM. Consequently, in the 1995 MTV case¹ the U.S. courts subjected domain names to trademark law. In Hasbro, domain names became subject to the federal dilution statute². However, Domain names and trademarks have made for unhappy bedfellows.

This collision is exacerbated by the fact that trademarks are territorial (state or federal) and multiple (from any of 42 classes), while domain names are global and unique. Thus, in the realm of domain names, there is no co-existence of identical names related to dissimilar goods and services as is the case with trademark law. This reality has led to a phenomenon called "cybersquatting" or domain name piracy, whereby domain names were being registered by a party other than the corresponding trademark registrant with the intent of selling the domain name to the latter for a profit.

With regard to the designation of origin characteristic of a trademark, when it is applied to an ISO country code domain, the ability to know the country of origin is normally self evident. However, the non-country specific TLDs—.COM, .NET,

¹ Cite

² Section 43 (C) of the Lanham Act, 15 U.S.C. § 1125 (C); Hasbro cite.

.ORG, give no hint of the geographic location of the domain name holder. Nor do domain names necessarily identify the goods or services to which they relate e.g., CANDYLAND.COM. It is also difficult to see how goodwill could attach to what is essentially an Internet address. However, the greater challenge is to create a legal framework that allows for global enablement and enforcement of trademark rights in general and famous marks in particular that relate to domain names. At the heart of the challenge is a way to resolve the thorny issues revolving around venue and jurisdiction determinations.

3. Case Study: PRINCE.COM

Prince plc, is a UK Information Technology (IT) service provider, specializing in desktop migration services and information technology skills development since 1985. In February of 1995 Prince plc obtained via its Internet Service Provider (ISP), Demon Internet Limited, the domain name "PRINCE.COM". Like many other IT companies in general, and those serving a global clientele in particular, Prince felt it was essential that it got a .COM domain name registration, because by 1995 .COM had become associated with international commercial entities like itself.

After almost two years of unopposed use of the domain name PRINCE.COM, on January 16, 1997, Prince Sports Group, Inc. (a New Jersey Corporation) through its U.S. Counsel, Sughrue, Mion, Zinn, Macpeak & Seas wrote Prince a letter asserting that Prince's use and registration of the Internet domain name PRINCE.COM was an infringement, an act of unfair competition and dilution of its US trademarks. Accordingly, to avoid legal action in the U.S. it requested that Prince assign the domain name to it. Why should we, Prince retorted? How could an IT business in the UK be confused with a tennis racket manufacturer in the US? Besides, we had got there first, and thus played by the rules in place in February of 1995. In the real world, we could co-exist Prince Sports Group in classes 9 and 28 (for tennis rackets) and Prince plc in class 41 (for computer training services. But not in cyberspace.

For Prince Sports Group, its salvation appeared to exist in the Revised Dispute Resolution Policy (September, 1996) of Network Solutions, Inc. The policy seemed to focus on protecting Federal or Foreign Trademark Registrations (albeit to the detriment of State trademark registrations and common law rights, see article 5) from pirate domain name holders and/or infringement of their trademark rights. Further, it appeared to assert trademarks rights with a lower burden of proof than required by the courts, by requiring only the furnishing of a certified copy of trademark registration and a warning letter to get the process rolling. Once the certified copy of the registration and warning letter had been produced to NSI it would trigger an NSI notification letter to the domain name holder. Depending on the response, the domain name may first be put "on hold", then later be given to the complainant. The "on hold" status in effect meant an injunction against the domain name holder's use of the domain name. Thus, the domain name holder loses any value the Web site may have accrued and all that it has invested in it.

Unlike a trademark application, there is no waiting/publication period nor search undertaken by the registry body before a domain name is granted. Thus, the domain name holder is unaware that there might be a conflict over its domain name registration. We certainly were oblivious to our predicament. Interestingly, Prince plc learned after its registration of PRINCE.COM that in fact there are some 53 domain names registered containing the word "prince", and over 1000 trademarks, service marks etc. with the word "prince" in them.

On February 25, 1997, NSI sent Prince a dispute notification letter giving Prince plc 30 days to respond in one of three ways (1) provide proof of the existence of a corresponding trademark registration to its domain name; or (2) evidence of litigation in a court of competent jurisdiction in the United States; or (3) an indication of a willingness to be assigned another domain name. At the same time, we received from NSI our renewal notice for the domain name. We were therefore placed in a catch 22 situation, if we did not agree to renewal, we would lose the domain name, if we agreed to the renewal we would be contracting to comply with the dispute resolution policy which was not in place when we obtained the domain name in February 1995. The original dispute resolution policy did not in fact get implemented until July 1995.

Prince was therefore faced with a 30 day period in which to act or lose its name. At that point the process seemed to be a victory for reverse hijacking. Namely, trademark registrants taking away domain names from bona fide domain name holders. Further, NSI's private dispute resolution policy appeared to be in effect a mechanism for the adjudication of Prince's legal rights. Finally, the scope of the impact of NSI's dispute resolution policy is such that it forces foreign non-U.S. domain

name holders at great cost to fight for their rights in the U.S. or lose their domain name.

However, nothing is ever what it seems. We discovered that NSI interpreted its Article 7's reference to "competent jurisdiction" to mean any jurisdiction recognized as being competent by U.S. Courts. Thus, in the Harrods case it had allowed Harrods to defend its name in a UK court. Further our counsel Willoughby and Partners concluded that the letter of January 16, 1995 was designed to comport with Article 5 (b) of NSI's guidelines. That is to say the threat of proceedings was designed to act as a trigger mechanism by which under the dispute resolution policy it could attain the domain name. Accordingly, a cause of action existed under section 21(1) (C) of the 1994 UK Trademarks Act against abusive use of a trademark by virtue of it being used as a threat. A complaint was filed on April 28, 1997 including this cause of action. The court agreed with Prince arguments and issued a decision in similar terms on July 18, 1997. NSI for its part, on the basis of the suit did not place the domain name on hold. Consequently, Prince Sports Group filed an action on July 18, 1997 in U.S. District court for New Jersey alleging with regard to Prince plc, federal unfair competition common law unfair competition and Federal Trademark Dilution. It made NSI a co-defendant alleging breach of contract. Prince filed in response on September 17, 1997, a motion to dismiss for lack of jurisdiction. The pivotal issue for Prince plc was whether contact with a state based only on having a web site was sufficient enough to grant jurisdiction and venue over the foreign party. Due to the fact that Prince Sports Group withdrew its action on October 15, 1997 we will never know the answers in this case. Also Prince plc argued for a summary dismissal on the merits, because Prince plc's computer services were so completely unrelated to Prince Sports Groups tennis racquets that as a matter of law no consumer confusion was likely. However, in *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996); aff'd U.S. Court of Appeals for the second circuit at 1997 WL 560048, Civ.A. No. 96-9344, the court held that a Web site that advertises a defendant's services, standing alone, does not constitute sufficient contacts. However, as electronic commerce becomes more and more significant the pressure to afford jurisdiction and venue over a party will grow.

If the case had gone to trial it would have focused on two significant issues i.e. famous marks and the scope of the dilution statute. Currently, major trademark holders are being forced into devoting increasingly large amounts of their resources to monitor domain name registrations around the world and where necessary file actions in protection of their famous marks. On the other hand it should be pointed out that the tendency to enter the litigation arena in the U.S. is buoyed by the Hasbro decision, which subjected domain names to the dilution doctrine and enabled the plaintiff to stop a domain name holder using its domain name or registering a "similar" domain name where dilution was found to exist. Due to the wide scope of the decision it could have a chilling effect on those with a legitimate right to a domain name, but who are not the holders of a famous mark. A solution might be the creation of a famous mark database which registries would have to consult to avoid a conflict.

4. Conclusion

Although the issues are multiple and the complexities great, the size of the problem and thus the ability to secure a solution is manageable at this juncture. Currently, NSI registers approximately 3,000 domain names a day, but it is only involved in 34 active litigations and cited in perhaps no more than 300 related litigations. However, the problem is only going to grow with time. So the time to act is sooner rather than later. But only after careful consideration of all the issues and upon the creation of a comprehensive legal framework.

Summary of Testimony of John Wood, Senior Internet Consultant, Prince plc

Prince plc, which I represent, is a small UK based corporation, whose business is built in part on the Internet. While based in the UK, we provide consulting services to companies and organizations who desire to do business globally, often operating from very small organizational structures but wishing to compete successfully worldwide through the reach of the Internet and other advanced communications services. In order to reach its customers, Prince felt it was essential that it used a .COM domain name registration, since, by 1995, .COM had become associated with international commercial entities like itself.

Access to the Internet for email and Web sites is done using an Internet address. Internet addresses are made up of a domain name (e.g., PRINCE.COM) that is an alphanumeric equivalent of its corresponding IP address (194.200.207.65) by which the Internet identifies every user. Domain names relating to commercial entities are identified by a top level domain (TLD) extension--.COM. Currently, entities such as ourselves wishing to have a .COM domain name space obtain them from Network Solutions, Inc. (NSI) of Herndon, Virginia. NSI administers .COM under a contract from the NSF. Domain names are issued on a first-come first-serve basis.

The present domain name system already has some areas of concern related to trademarks and domain names: first, the hoarding of domain names by entities in anticipation that a registered trademark holder will pay money for its corresponding domain name; second, the "collision" between domain names and trademarks, prompting the U.S. courts to subject domain names to trademark law and attempt to resolve the challenges arising to the NSI dispute resolution procedure; third, issues of how famous trademark holders rights might be protected over the Internet; fourth, reverse hi-jacking, where a trademark holder attempts to take a domain name held by a legitimate domain name holder; and finally, the pending and proposed change to a new dispute resolution procedure, yet not fully developed, which would be housed at WIPO, in Switzerland and incorporating the assumption that there will be a number (7) of new gTLDs, thus creating serious problems for trademark holders in "policing" their brands, and creating potential problems of an operational "surge" as new domain names are added to the "root".

It is clear therefore that there are serious concerns, and that disputes between trademarks and domain names must be addressed in a thoughtful fashion, and that more work is needed. The way ahead must lead to a global commercial solution. It must balance the conflicting interests and hold them accountable. It must also afford a clear legal definition and system of redress, in order to provide a stable and secure commercial environment for the development of electronic commerce. In the long term, this will necessitate the international harmonization of the trademark law and the creation of a searchable global database of registered marks.

In the near term, a stop-gap solution may be the creation of a "famous trademark" database and the requirement of registries, such as NSI, to search it as part of the domain name registration process. Further, a publication period would be useful for both existing trademark holders and would-be domain name holders as it would help to reduce potential litigation down the road. Finally, it should be noted that currently NSI registers 3,000 domain names a day; yet it is only involved in 34 litigation proceedings. It appears clear that, given the nature of the issues involved, and the need for the development of an effective comprehensive solution to this highly complex problem and its impact on the future success of electronic commerce, that sufficient time should be allowed to thoroughly consider all the issues pertaining to protecting trademarks, enabling domain names, and resolving disputes in a fair and balanced manner.

Mr. COBLE. Mr. Wood, some recent months ago, I had the good fortune of being in your town——

Mr. JOHN WOOD. Thank you, sir.

Mr. COBLE [continuing]. With intellectual property representatives from Asia, Europe, and North America. And I award high marks to London. We had a very fine visit there. I think you will agree, Mr. Kirk.

Mr. KIRK. Yes.

Mr. COBLE. You were very hospitable and we enjoyed being there very much.

Mr. JOHN WOOD. Well, come back soon, sir.

Mr. COBLE. We would like to do that.

Mr. Doug Wood.

**STATEMENT OF DOUGLAS J. WOOD, EXECUTIVE PARTNER,
HALL, DICKLER, KENT, FRIEDMAN & WOOD, ON BEHALF OF
THE COALITION FOR ADVERTISING SUPPORTED INFORMATION
AND ENTERTAINMENT (CASIE)**

Mr. DOUG WOOD. Thank you, Mr. Chairman. Recently, a commentator summed up the Internet in a simple phrase that, for the first time in history, boundaries have no relevance. And any of us who make our living or part of our living in the Internet business I think appreciate that comment more than most. With that demise of the traditional boundaries, however, we have faced some new opportunities and some new dangers in the subject matter of this committee's hearings today on the trademark issues.

For the Internet to become the commercial vehicle that people envision today, it is going to need the support of the global brand and regional brand owners, the trademark owners that we are concerned about today. Without it, it is simply not going to become a viable commercial medium. And also, I think it is safe to say that the United States or any foreign government is not ready to pay the costs of the Internet on a continuing basis either. So that is why it is so important that the commercial sector be listened to in this issue.

I am outside legal counsel for CASIE. And as the Chairman has indicated, it is a joint coalition of the Association of National Advertisers and the American Association of Advertising Agencies. The ANA and four A's represent the bulk of the investment, the dollars invested on much of the World Wide Web, the part of the Internet, the commercial sector of the Internet that has spent millions and will continue, and probably before the end of this decade are expected to spend billions of dollars in developing and building the Internet.

That all comes with one catch, however. And that is protection of their brand names and their trademarks. As indicated by an earlier speaker, Pepsi put the value of their trademark at 30 billion. And that may be an underestimate. These brands have been leaders in the world for many, many years and need to be addressed and protected.

The membership of the ANA includes companies like Pepsi and Coca-Cola, Visa, American Express, Kodak, Polaroid, Reebok, and the likes of the people who have true global trademarks. It also in-

cludes many companies with regional trademarks that are just as equally important, Procter & Gamble among them.

The 4 A's is the largest advertising association in the world and includes the leading advertising agencies throughout the globe. As a collective group they have, as I said, spent the bulk of the investment or a huge part of it, and also are some of the most technically savvy in the group.

As the Internet has grown, we have heard the reference to cyber-squatters and trademark warehousers. We have had trademark squatters and trademark warehousers before. That is not a new concept for trademark owners, people trying to take advantage of trademark rights. But on the Internet, it is rather unique because of this unusual domain address system that we have, this second level domain and the limited number of generic top level domains, the .com, .org and .net.

These issues, in our view, fall into essentially four different categories that need to be addressed: One is the brand development protection; the second is the domain name dispute resolution system for the second level domain names, the Coca-Cola and Coca-Cola.com; the addition and potential proliferation of additional gTLDs; the gTLD MOU has proposed by firm, dot store, dot a number of others; and, finally, and perhaps most importantly, the portability issue, the portability of going from one domain to another.

The Internet, we want to point out, as I think everyone has said here, and the Chairman's comments I think indicated it earlier as well, it is a little premature to be coming to a regulatory solution to this. The Internet is very much a self-healing organization—organ. And it has shown quite a bit of ability in the past to address its own problems. And that is what the likes of NSI and the International Ad Hoc Committee are trying to do, unfortunately, more separately than together; but they are, nonetheless, each trying to find those solutions somewhere in the Internet world.

On the brand development and protection, unfortunately, on the Internet, all trademarks are not created equal. There are those that are truly unique marks, like Coca-Cola, Pepsi, Reebok and others. As to those, they deserve the right to have complete exclusivity on the generic top level domains. No one, in the view of these companies, should be allowed to use the name Coca-Cola or otherwise on any of the proposed gTLDs.

But they are not the bulk of the users of the Internet. The bulk of the users, of trademark users, are those users that have names that are regional trademarks, are not global trademarks, are marks like Exxon, for example. As was mentioned earlier, it is Exxon in the United States but it is Esso overseas. Nonetheless, they are very important and very valuable marks.

Those brands need to be protected on the Internet to the extent that use by others will prove confusion under standard trademark theories and also prevent the natural expansion of the global markets. But that is the dilemma.

Delta, for example. Delta.com. Who should that be owned by? Delta Airlines, Delta Facilities or its current owner, Delta.com Development, an Internet service provider? Or, Yale.com. Should it be owned by Yale University, Yale Lock Company, or its present owner, Yale Materials Handling Company, a forklift manufacturer?

There are not easy solutions to any of those issues, and it is possible that a directory-based system similar to some that have been proposed may be the answer.

Third, the geographically dispersed companies that have marks that are identical or very similar and in their individual regions have every right to use of the mark; as to those, again, perhaps a directory is a solution.

And, finally, there are those domain names that use totally generic words as their second level domain, soap.com for example, or toys.com. By doing so, they effectively monopolize an entire category.

Now as to those, no one should have any single exclusive ownership of toys.com per se, and, again, perhaps a directory solution is a direction to go.

But let me just say as to the directory solution which people have mentioned earlier in the testimony today, that is not necessarily the solution that it first appears to be. It will depend entirely on how sophisticated these directories are, how these directories themselves police the inclusion of names in their directory. There is nothing to prevent somebody, for example, on a standard directory, as they do in the yellow pages, of putting a bunch of A's in the front of their name so they get there first on the list. And if you have that kind of allowance in these directories, the Coca-Colas in this world will just simply find themselves preceded by AAAA Coca-Cola, ABAA Coca-Cola, and the like. So the directory needs to also be policed. So the directory solution is not necessarily a panacea.

But, most importantly, from the perception or perspective of CASIE, is the need for portability. The proposals differ in substantial degree on this issue. Under one concept, .com, .org, .net, or any of these new gTLDs would be owned exclusively by a given registrar. Under another proposal, these databases should be shared equally among everyone. There is a difference between moving your address and moving your long distance telephone carrier. It is important, and CASIE is adamant on its position, that there be possibility of these trademark second level domains. So if I want to move my domain from one registrar to another, I don't have to change it from Coca-Cola.com to Coca-Cola.firm. We don't believe that makes any sense whatsoever.

Thank you for the time to testify today, and CASIE remains available for any other questions you have.

[The prepared statement of Mr. Douglas Wood follows:]

PREPARED STATEMENT OF DOUGLAS J. WOOD, EXECUTIVE PARTNER, HALL, DICKLER, KENT, FRIEDMAN AND WOOD, ON BEHALF OF THE COALITION FOR ADVERTISING SUPPORTED INFORMATION AND ENTERTAINMENT (CASIE)

INTRODUCTION

The Issues Before this Subcommittee

The controversy surrounding the protection and development of brand names and trademarks on the Internet is the subject of this Testimony and the Subcommittee's Hearing.¹

¹Many of the acronyms used on the Internet are confusing. To assist the reader, attached is an Appendix explaining the acronyms referred to in this Testimony.

Trademarks and brand names are among the most valuable assets owned and/or developed and promoted by the American and global marketing communities. In many ways, the value of an established and respected brand name is immeasurable. While the Internet provides unprecedented means to increase global awareness of brand names, it also presents new challenges and threats to these assets on a global scale in diverse jurisdictions applying incompatible trademarks laws.

Therefore, these hearing are critical to the debate on the resolution of the many complicated trademark issues that challenge the future of the Internet as a viable commercial medium.

Why CASIE is Testifying

CASIE is a coalition of the Association of National Advertisers, Inc. ("ANA") and the American Association of Advertising Agencies ("AAAA"), two trade associations that collectively represent most of the major players in the global advertising and advertising agency industries. CASIE's purpose is to foster the growth of advertising supported information and entertainment on the Internet.

Based upon the latest estimates, ANA and AAAA members will spend more than \$2 billion on advertising on the World Wide Web by the year 2000. Those numbers do not include the even higher investment in building and maintaining websites, expenditures that have been the major driving force in the growth of the World Wide Web service industry. In sum, ANA and the AAAA collectively represent an enormous amount of both the present and future investment in the Internet. And without that investment, it is quite possible that there would be no World Wide Web as we know it or commercial viability of the Internet.

The members of CASIE are not only global companies, but also own some of the most valuable global and regional trademarks and "brands" in the world. They are representative of the brand owners most affected by policies relating to the protection of trademarks on the Internet.

CASIE and Its Involvement in the Internet

ANA's membership is a cross-section of not only American industry, but most of the major global marketers, including retailers, manufacturers, and service providers. ANA has 225 corporate members and through them represents more than 7,400 separate advertising entities. Among its corporate members are such global giants as:

United States-Based Members:

American Airlines; American Express; Anheuser-Busch; Apple Computer; AT&T; Bristol-Myers Squibb; Chase Manhattan Bank; Chevron; Chrysler Corp.; Citicorp; The Coca-Cola Co.; Colgate-Palmolive; Compaq; Delta Airlines; Digital; Dow Chemical Co.; DuPont; Eastman Kodak; Exxon; Federal Express; Ford Motor Co.; General Electric; General Motors; Grand Metropolitan; Hasbro; Hewlett-Packard; IBM; Intel; Johnson & Johnson; KPMG Peat Marwick; Lucent Technologies; MasterCard; McDonald's; Microsoft; M & M Mars Corp.; Mobil Oil Corp.; Motorola; Norelco; Northwest Airlines; Panasonic; Pepsico; Pfizer; Phillip Morris; Polaroid; Procter & Gamble; Reebok; RJR Nabisco; Rockwell International; Schering-Plough; Shell Oil; Smith Kline Beecham; Sprint; Texaco; Texas Instruments; Unocal; United Airlines; Upjohn; Viacom; Visa; Warner Brothers; Westinghouse; Xerox;

Foreign-Based Members:

Allied Domecq; Bacardi; Bayer; Benckiser; Betts, Dearborn; BMW; Cadbury-Schweppes; Guinness; Heineken; The House of Seagram's; Hyundai LEGO; Loew's; Nestle; Nissan; Sega; Shiseido; Saab; Siemens; Sony Electronics; Unilever;

These marketers are among the most active users of the Internet. According to Fall 1996 numbers, 90% of ANA members reported having at least one website, with an average of 2.5 websites per company. Forty-nine percent of ANA members reported using the Internet for their company's intranet. In the last year, these percentages have only increased.

AAAA is the largest association of advertising agencies in the world. Similar to the ANA, its members are a cross-section of the advertising agency industry; local, national, and global. Among its members are the following U.S.-based global agencies:

Ammirati Puris Lintas; BBDO Worldwide; Bozell Worldwide; Campbell-Ewald Messner Vetere et al.; D'Arcy Masius Benton & Bowles; DDB Needham Worldwide; Grey Advertising; J. Walter Thompson Co.; Leo Burnett

Co.; McCann-Erickson Worldwide; Ogilvy & Mather Worldwide; Saatchi & Saatchi; True North; Young & Rubicam;

The U.S. offices of other global agencies are members as well, including:

Bates Advertising (Bates Worldwide); DCA Advertising (Dentsu); Euro RSCG Tatham; Hakuhodo; Lowe & Partners/SMS (Lowe & Partners Worldwide); Publicis/Bloom (Publicis Communication); TBWA/Chiat Day (TBWA International); Wells Rich Greene (BBDP/GGT Worldwide);

AAAA's agencies represent many, if not most, of today's global marketers, both in the United States and throughout the world. As such, their interests and expertise are essential ingredients in the proper administration of the Internet. Their members also include some of the most creative and technically savvy people in the marketing industry.

Focus of CASIE's Testimony

Since January 1996, CASIE has been monitoring and evaluating the Internet issues which affect its members, including attending key meetings in Geneva, Switzerland, Washington, D.C. and New York City to meet with representatives of the three entities currently at the center of the debate regarding the future administration of the Internet. These entities are: (1) the interagency committee addressing global electronic commerce on the Internet chaired by Ira Magaziner, Senior Advisor to the President for Policy Development; (2) the interim Policy Oversight Committee ("iPOC") of the now-defunct International Ad Hoc Committee ("IAHC"), proponent of the generic Top Level Domain Memorandum of Understanding ("gTLD-MoU"); and (3) Network Solutions, Inc. ("NSI") the contractor currently responsible for registering and administering commercial domain names in the United States.²

In these meetings, and through the experience of CASIE's members, CASIE has identified a number of issues which are critically important to its members' continued investment and participation in the Internet. Included among the many issues of concern to CASIE are protection of brand names and trademarks, the structure of Internet governance in the future, the selection of registrars to compete with NSI after its contract expires, the increasing registration of generic words as second-level domain names ("SLDs"), privacy rights in data obtained from consumers using the Internet, e-commerce encryption and security, copyright protection, and content restrictions.

As previously stated, this first issue—the protection and development of brand names and trademarks on the Internet—is the subject of this Testimony and the Subcommittee's Hearing. It is important to note, however, that these other issues are also of critical importance; the regulatory and Internet communities are urged, at the appropriate time and in the appropriate forum, to thoroughly consider them as well.

Currently, the most important Internet trademark issues to CASIE's members are (1) brand development and protection, (2) domain name dispute resolution, (3) the effects of the proposed proliferation of new generic top-level domains ("gTLDs") and (4) maintaining the portability of domain names when switching domain name registrars and/or Internet service providers ("ISPs").

CASIE does not purport to have solutions to all of these issues. Instead, in this Testimony, CASIE articulates the concerns of its members and, where possible, endorses certain proposals which may lead to resolution of the issues. The Internet continues to evolve and our understanding must evolve along with it. The views expressed in this Testimony are preliminary views based on information available to date; however, CASIE's operational position may change, subject to developments in the industry.

CASIE cautions this Subcommittee and all of the members of the Internet community to proceed slowly and carefully in addressing these issues. Unduly burdensome regulations could chill the substantial economic contributions of the advertising and marketing communities to the commercial development of the Internet.

Finally, CASIE urges all of the participants in the debate to recognize that technology may offer solutions far superior to hasty and restrictive over-regulation of the Internet. To date, the Internet has been a remarkably self-healing medium. Unlike traditional issues that have prompted government intervention to address concerns

² As the Subcommittee is no doubt aware, the National Science Foundation ("NSF") has announced that it does not intend to renew its contract with NSI upon its expiration in March, 1998, but instead intends to transfer responsibility for the Internet to the world community. There are also unconfirmed rumors that NSF will extend the NSI contract for six months. CASIE supports this extension so that decisions that need to be made are considered without pressure of an impending deadline.

such as automobile safety and air quality, the Internet does not yet appear to require aggressive government oversight in order to improve its safety, security, accountability, or accessibility. We should not rush to regulate the Internet simply because regulation has been deemed necessary in different contexts in the past. Moreover, rapid changes in Internet technology will make it difficult, if not impossible, to promulgate effective, relevant legislation which can keep pace with the technology.

DEVELOPMENT AND PROTECTION OF TRADEMARKS ON THE INTERNET

I. BRAND PROTECTION

SUMMARY: Not all trademarks and brand names are created equal on the Internet and the protection to be afforded depends on the nature of the mark and a balancing of competing interests. Where possible, technological advances may provide solutions superior to regulation. In general, those unique, famous marks which are universally identified with one source, such as the COCA-COLA mark, should receive the greatest protection. The owners of such marks should be able to prevent others from using their marks within every gTLD. Those marks which enjoy regional strength or fame should be protected to the extent that use by others could cause provable likelihood of confusion or dilution and to the extent that unjustified use by others limits the natural expansion of a brand into global markets. Finally, in those cases involving geographically diverse owners of identical marks with local reach, who have equal rights to a domain name, technological solutions, such as on-line directories, may work best.

DISCUSSION: The most prevalent trademark debates on the Internet arises out of the registration of SLDs which function as, or incorporate, trademarks. CASIE's members are concerned about potential abuses of their trademarks and the denial of opportunities for using their brand names on the Internet.

Initially, domain names were intended to function as addresses, nothing more. The domain name trademark problems addressed by this Subcommittee might have been avoided if an Internet address were simply identified by the unique string of numbers assigned to it (known as the IP address) to direct the flow of data to the proper user.

A minority of Internet users have suggested "turning back the clock" to eliminate domain names and use only numeric IP addresses much like telephone numbers. While this solution is superficially appealing (if it is technologically possible), the proliferation of and enormous equity in domain names makes this suggestion unacceptable. Domain names have become extremely valuable commodities as the result of the owners' significant investments in their development and these owners will be loathe to part with them now. Nor is there any reason to take such a draconian approach. Instead, the focus must be on finding workable solutions to the trademark problems attendant to domain names and to use the technology that underpins the Internet as the source of the solutions.

The present trademark controversy over SLDs can be roughly divided into four categories, each of which raises different issues, requiring a careful balancing of how far to go to protect them. The first—and easiest—category consists of those arbitrary or fanciful marks which are famous globally and are universally identified with one owner. Examples include the COCA-COLA, PEPSI-COLA, REEBOK, NIKE, KODAK, POLAROID, SEIKO, TIMEX, PANASONIC, and SONY marks.

CASIE believes, and U.S. trademark law would support this belief, that the owner of such a mark should have the right to use it with any appropriate gTLD and, more importantly, the owner should have the right to prevent anyone else from using the mark within *any* gTLD. Thus, The Coca-Cola Company should be able to prevent the registration of the COCA-COLA second level domain name or any confusingly similar mark (such as COCACOLA or COKE) within the gTLDs .COM, .NET, .ORG, etc. Traditional trademark principles serve well in this category because use of the mark by another would cause consumer confusion and/or could dilute the mark.³

The second category consists of those strong, even famous, marks which enjoy regional or national recognition, but are not known globally. In some cases brand names owned by global marketers are used on a regional, rather than global, basis despite the worldwide markets addressed by those marketers. For example, Exxon Corporation uses the EXXON mark in the United States for gasoline, but uses the ESSO mark for the same product in Europe. Nonetheless, these marks may have asset values as high as some global marks.

³Of course, this discussion presupposes that the mark in question is easily categorized as unique, famous, and global. Deciding which marks qualify for such protection can be very complicated and is beyond the scope of this Testimony.

What recourse should the owners of strong regional marks have if someone seeks to register a similar or identical domain name? At first blush, many agree that a company such as Exxon probably should have the exclusive right to register its EXXON mark as an SLD within .COM, the primary commercial domain currently used on the Internet. But should a company such as Exxon be able to prevent the registration of the same or similar mark in other domains, e.g., .EDU or, if the proposed additional gTLDs are created, .ARTS or .NOM? Is there a likelihood of confusion (the standard test in the U.S. for trademark infringement) or the risk of dilution of the goodwill associated with the mark (a standard only recently adopted on a federal basis in the U.S.⁴)? Conversely, would allowing a conflicting use unreasonably limit a company's expansion of an established regional brand into the global market?

There is no clear answer to these questions and a further analysis of the facts only makes these questions harder to resolve. For example, what if two identical marks exist for different products and each mark has regional strength or strength for certain goods? For instance, who should be entitled to register DELTA.COM (Delta Airlines, Delta Faucets, or its present owner, deltaComm Development, an Internet service provider), YALE.COM (Yale University, Yale Lock Company, or its present owner, Yale Materials Handling Company, a forklift manufacturer), or AMERICAN.COM (American Airlines, American Greetings, or its present owner, American Internet, a company that services computer networks)?

One suggested solution for this last category is the creation of a directory, technology permitting, similar to a telephone directory, which would allow Internet users to choose from a variety of listings which share the same name. For instance, when a user types DELTA.COM into a search engine, the user would be presented with a directory of all registered "Delta" entities from which to choose.⁵

The third category consists of the variety of marks used on products or services throughout the world, none of which are necessarily strong enough to justify precluding registrations by others. Examples of these include suggestive marks such as RELIABLE for repair shops, transportation services, courier services, or house cleaning services⁶ or BEAUTY for make-up, hair salons, or photography studios.⁷ In those cases, should one trademark owner be able to prevent others from registering domain names using the mark?

The reality is that, to date, suggestive domain names have been registered on a first come, first served—or, more accurately, first come, *only* served—basis. Thus, the company that enters the Internet marketplace first obtains an inexpensive monopoly on an address that, if examined under traditional trademark theories, would never be available on an exclusive basis.

The final category are those domain names which are entirely descriptive of the category they embrace. Examples include SOAP.COM for soaps and detergents⁸ or TOYS.COM for toy manufacturers and retailers.⁹ Others are generic words that seem totally misplaced in their association. ADVERTISING.COM for example, is owned by an on-line dating service.¹⁰ It is impossible to justify under any accepted principals of trademark law that any one company should have exclusive rights to such a domain name. In this instance, the directory solution is particularly attractive.

CASIE does not offer a simple solution to all of the brand and trademark protection problems which are illustrated in these categories. As the directory example demonstrates, however, new technology may be an integral part of any solution. In considering how to address these issues, CASIE urges exercising caution, recognizing that the amount of protection granted to a trademark owner must be balanced against the weight of the interests at stake and that a "one size fits all" solution to trademark protection would likely prove prohibitive to any future investment in the Internet by brand owners.

⁴ Federal Trademark Dilution Act, 15 U.S.C. § 1125(c) (1996).

⁵ An interesting example of a directory approach appears at CLOTHING.COM, a website that claims to link to over 500 clothing sites.

⁶ RELIABLE.COM is presently owned by a general office supply company.

⁷ Interestingly, BEAUTY.COM is owned by a broker of Internet domain names. At its website, it claims that the average sale price of names that it has brokered is \$4,855 and that the minimum bid it accepts is \$1,000.

⁸ SOAP.COM is presently owned by Hill Manufacturing Company, an Atlanta based office services company that supplies, among other things, cleaning products.

⁹ TOYS.COM is currently owned by an on-line toy store.

¹⁰ Perhaps the most extreme example of warehousing generic terms can be found at the website of Imediat Digital, an entity that describes itself as a design company. It claims to own: cologne.com, makeup.com, perfume.com, exercise.com, vitamins.com, and automobile.com, among many others.

II. DOMAIN NAME DISPUTE RESOLUTION

SUMMARY: Brand owners want an efficient, inexpensive, reliable, and consistent method to resolve second level domain name disputes. The current combination of NSI's dispute resolution procedure with conflicting court opinions based on different countries' trademark laws is cumbersome and expensive and has created disparate and unfair results. An administrative challenge procedure based on the model proposed in the gTLD-MoU may be preferable, but before it is workable, any system of arbitration must provide arbitrators with the authority to engage in fact-finding, to alter second level domain names to resolve disputes, and to enforce their decisions. Finally, a realistic ability to resort to judicial resolution must be available, at least in the short term, while the administrative process evolves.

DISCUSSION: To date, trademark owners have resorted to a variety of methods to attempt to protect their rights regarding domain names, including instituting suits in local courts throughout the world or submitting to NSI's dispute resolution procedure. The results generated by these competing forums have created a patchwork of conflicting opinions based on different substantive bodies of trademark law.

The current NSI domain name dispute resolution policy is not the answer to this problem because it is inequitable and contravenes accepted principles of trademark law. In fact, earlier this year, the International Trademark Association's Internet Subcommittee released a paper which "propose(d) that the current NSI Dispute Policy be recognized as a failure and eliminated, (and) that domain name disputes be left to the courts." In brief, NSI's current dispute resolution procedure automatically favors a trademark owner, even when (1) the cited registration is not for Internet-related services, (2) the challenger is not using the mark on the Internet, or (3) the mark at issue has very limited notoriety. Through rigid application of its policy, NSI may suspend SLDs with disregard for domain name registrants' rights, which, in our view, could damage the registrants' businesses and brand equity.

The unsatisfactory results of the last five years demonstrate that NSI's approach is unacceptable. Resort to local courts would continue to be expensive and slow and would generate conflicting results under the radically different trademark laws of various countries.

On the other hand, the gTLD-MoU recommends establishing a self-regulatory process administered by the World Intellectual Property Organization ("WIPO"), in which owners of international trademarks can bring domain name disputes in on-line proceedings before Administrative Challenge Panels ("ACP").¹¹

The WIPO-administered approach is a good beginning but should not be considered a finished work. In general, an alternative dispute resolution process is attractive because it would offer consistency and would be relatively inexpensive. There are, however, a number of issues which remain to be resolved if such an administrative process is undertaken:

(1) Any administrative body or arbitrator must have the authority to engage in fact-finding. This function will be particularly important in cases involving "cybersquatters," those registrants of domain names who do not have a legitimate interest in a mark, but hold the registration for ransom from the legitimate owner of the mark. In those cases, the trademark owner needs immediate and inexpensive access to a body which can determine the rights in the domain name.

Such a solution is far preferable to the suggestion of some that potential domain name registrants be required to demonstrate rights in the second-level domain name before it is registered or to wait for a registrar to determine rights in the name before it is registered. It would be counterproductive, anticompetitive, and unfair to slow down the domain name registration process for the sake of stopping the registration of infringing names. At most, CASIE would be amenable to requiring potential registrants to sign declarations stating that they believe they are entitled to a particular domain name and that, to the best of their knowledge, no one else has superior rights to the name (much like a trademark application).

(2) In those categories discussed above in which more than one party may have legitimate rights to a domain name, an arbitrator should have the authority to adjust the domain name to remedy the situation. For example, a challenge between competing domain name owners might be resolved by altering the second level domain names. Or, if additional gTLDs are created, the competing SLDs could be moved to different gTLDs which reflect the owners' different products or services.

(3) Most importantly, an arbitrator must have the authority to enforce its decisions. It is not clear at this point whether it would be sufficient for the arbitrator to have enforcement ability only over the domain names or whether the arbitrator

¹¹There are also options for arbitration and mediation in the proposed WIPO proceedings. These options, however, require the consent of both parties. The ACP procedure is a mandatory first step under the gTLD-MoU and is therefore the centerpiece of the proposal.

also would need enforcement power over the parties, such as the ability to mandate actions or levy fines. This subject requires substantial debate and attention.

(4) Finally, it is important to stress that, given the evolving nature of the gTLD-MoU proposal, local courts must retain jurisdiction to resolve disputes *de novo*, should any party contesting ownership of a second level domain name feel the administrative procedure denied them due process or failed to address material issues. While this availability necessarily retains some of the cumbersome and expensive aspects of the present system, it would be foolish to assume brand owners are prepared to leave decisions regarding such valuable assets to an unproven system, regardless of how attractive it may be in theory. It remains unclear to CASIE how effective local courts will be in resolving disputes between companies and individuals who are dissatisfied with the gTLD-MoU alternative dispute resolution procedures. That lack of clarity must be addressed.

III. gTLD PROLIFERATION AND DOMAIN NAME PORTABILITY

SUMMARY: The addition of new gTLDs may be desirable as a technological and business solution to current problems with trademarks on the Internet. However, the creation of new gTLDs should be gradual and controlled to prevent a proliferation of gTLDs which contribute to, rather than lessen, consumer confusion. If and when new registrars are permitted to compete with NSI, all of the gTLDs should be available to all of the registrars in a shared database so that owners' domain names are portable between registrars. This portability will ensure that changes in registrars are transparent to the public and will enable domain name owners to preserve the equity they have created in their domain names.

DISCUSSION: Currently, NSI administers the registration of SLDs in the three commercial gTLDs: .COM, .NET and .ORG. Registrants can choose which gTLD they want to use, although each gTLD was intended to operate as a designator of the type of entity registering the domain name. In practice, however, NSI has not uniformly prohibited a company or individual from registering in any of the gTLDs, a practice that has been one of the primary reasons cybersquatters have been so successful.¹²

For different reasons, both the gTLD-MoU and NSI recommend the creation of additional gTLDs. In theory, adding gTLDs may be an effective solution to certain trademark issues on the Internet. For example, with the addition of the .ARTS gTLD for entities offering cultural and entertainment activities and .FIRM for commercial business entities, the Getty Museum could register the domain name GETTY.ARTS and would not be likely to cause confusion with a Getty Oil Company domain name at GETTY.FIRM. In such a case, the technology would obviate the need for regulation. However, in order for this solution to be effective, entities must use the proper gTLD so that consumers can draw reliable inferences about an entity from its gTLD.¹³ It is important to remember, however, that the simple solution of adding gTLDs to resolve disputes is not the panacea it may at first appear. Owners of internationally famous marks and owners of strong, fanciful regional marks have justified concerns that the uncontrolled addition of new gTLDs may make their trademark policing and enforcement efforts complicated and costly and may, in fact, open the door to a new generation of cybersquatters.

As in almost all things, the gTLD-MoU's and NSI's respective approaches to the addition of gTLDs are radically different. For CASIE's purposes, the gTLD-MoU proposal is far superior to that of NSI.

The gTLD-MoU proposes the creation of seven new gTLDs¹⁴:

- .FIRM—for businesses or firms
- .STORE—for businesses offering goods to purchase
- .WEB—for entities emphasizing activities related to the World Wide Web
- .ARTS—for entities emphasizing cultural and entertainment activities
- .REC—for entities emphasizing recreation/entertainment activities
- .INFO—for entities providing information services
- .NOM—for those wishing individual or personal nomenclature

¹² In addition, each country has been assigned an ISO 3166 two-letter country code gTLD, such as .GR for Germany, .JP for Japan and .US for the United States. However, the vast majority of commercial domain names do not include these codes and are unlikely to do so in the future.

¹³ Under this approach, the gTLDs would function as the International Classes of goods and services function for trademark registrations.

¹⁴ Based on recent questionnaires published by the iPOC, there is reason to believe that these seven new gTLDs may be modified or that additional gTLDs, e.g., .XXX, will be added. This memorandum, however, proceeds under the assumption that these seven new gTLDs will be the initial additions.

Under the gTLD-MoU, additional gTLDs would be created on a controlled, as-needed basis determined by the iPOC.

The gTLD-MoU plan also calls for the addition of new registrars to compete with NSI's domain name registration services via a shared database of all SLD registrations worldwide. The registrars would have to meet certain financial and other eligibility requirements. In fact, the iPOC has already met with potential registrars and currently is in the process of appointing the registrars. The proposed registrar oversight organization, the Council of Registrar ("CORE"), will be holding its first annual meeting in Tokyo, Japan, on November 8, 1997.

One of the most significant aspects of the gTLD-MoU plan is that SLDs are "portable"—a company can choose to use any registrar to register and/or administer its SLD and can change registrars at any time. Such a move would not require a change in Internet address and would be transparent to consumers, much like a change in long-distance telephone carriers. No registrar would have exclusive rights to register domain names in a gTLD: every registrar could register domain names in every available gTLD.

By contrast, NSI proposes that, upon the expiration of its contract with NSF, NSI would keep and "own" the .COM, .NET and .ORG gTLDs and all of the domain names registered in those gTLDs.¹⁵ Marketplace demands, without meaningful administrative controls, would dictate whether new registrars and new gTLDs are formed to compete with NSI. If new registrars do materialize, they would not be allowed to register domain names in NSI's gTLDs, but would have to create their own gTLD, which they could promote to potential registrants.

Any proposal, including NSI's, that does not allow complete portability is unacceptable to CASIE for three reasons. First, it would allow for virtually uncontrolled proliferation of gTLDs. As a result, conflicting gTLDs could emerge to cause greater consumer confusion, rather than lessen it. For instance, if an independent registrar created the gTLD .TIME and another registrar created the gTLD .WATCH, consumers would not know within which gTLD the owner of the TIMEX mark had registered. In addition, the TIMEX mark owner would bear the burden of monitoring the addition of new registrars and new gTLDs and might have to maintain multiple redundant registrations.

Second, the failure of such plans to impose minimum eligibility requirements on registrars would contribute to the instability of the electronic marketplace. If a registrar went out of business because it was undercapitalized or because only a small number of website owners wanted to use its gTLD, any domain names registered with the registrar could disappear overnight. Thus, a website under, e.g., a .DRINK domain name might be here today, but gone tomorrow. This lack of security would discourage investment in brand name protection and development on the Internet.

Finally, the lack of portability of an SLD together with its gTLD poses a significant problem for brand owners. Since brand names are often embedded in the domain name, changes are undesirable. In addition, the task of notifying customers of a change should a registrant change to another gTLD is unnecessary and cumbersome. Under NSI's plan, second level domain names would not be portable among registrars unless an owner is (1) willing to change the gTLD and (2) the domain name is available within the new gTLD. To illustrate the differences between the gTLD-MoU and NSI's plans, under the gTLD-MoU, The Coca-Cola Company could register the domain name COCA-COLA.COM with any registrar and/or ISP and later change registrars or ISPs without notifying its customers or changing any of its materials on the Internet. Under the NSI plan, The Coca-Cola Company could register the domain name COCA-COLA.COM only with NSI. If The Coca-Cola Company later decided to switch registrars, it would have to switch gTLDs, e.g., to COCA-COLA.FIRM (or whatever gTLD its new registrar owned), notify its customers, and make all of the necessary programming and creative changes on its Internet and supporting materials. Under the gTLD-MoU proposal, a change in registrars would be transparent to the consumer. The result is better for both the brand owner and the public.

CONCLUSION

CASIE's primary concern is that the Internet be a stable medium for the delivery of product and service information and commercial messages to consumers, as well as a secure environment for global commerce. Any system must respect brands, min-

¹⁵At some public seminars conducted by organizations interested in the issues at hand, NSI representatives have intimated that NSI would be willing to share the present gTLDs, but it is unclear what their concept of sharing entails or how their plan would be implemented.

imize consumer confusion, and avoid unnecessary administrative expenses in doing so.

CASIE would like to thank the Subcommittee for this opportunity to present its views and remains at the Subcommittee's disposal should any of its members or staff have any questions regarding CASIE's submission and testimony.

APPENDIX

The following are explanations for the acronyms used in CASIE's Testimony:

ACP Administrative Challenge Panels

ACPs are the alternative dispute resolution panels proposed in the gTLD-MoU to resolve domain name disputes. Under the gTLD-MoU plan, the ACPs would be administered by WIPO.

CORE Council of Registrars

CORE is the domain name registrars oversight committee proposed in the gTLD-MoU.

gTLD Generic Top Level Domain

gTLDs are the domain names that appear "after the dot," for example, .COM, .ORG, .NET, .EDU, .GOV and .MIL.

gTLD-MoU Generic Top Level Domain Memorandum of Understanding

The gTLD-MoU is the proposal for future governance of the Internet promulgated by the IAHC in May 1997, and offered for signature by parties interested in endorsing the proposal.

IAHC International Ad Hoc Committee

The IAHC was formed several years ago by various trade associations and quasi-governmental organizations concerned about future governance of the Internet. After completing the gTLD-MoU, the IAHC was dissolved. Its successor is the iPOC.

iPOC Interim Policy Oversight Committee

The iPOC is the organization proposed by the gTLD-MoU to be responsible for the oversight and administration of the Internet. The iPOC has replaced the IAHC and is in place until the full POC is appointed.

ISP Internet Service Providers

ISPs are companies that provide initial access to the Internet network by users such as consumers and corporations.

NSI Network Solutions, Inc.

NSI is the company which currently holds an exclusive contract with NSF to register all SLDs in the United States under the .COM, .ORG and .NET gTLDs. NSI's contract with NSF expires on March 31, 1998, although NSF does have an option to extend the contract for six months.

NSF National Science Foundation

NSF is an agency of the United States government dedicated, in part, to the development of new business in the science and technology sector. NSF contributed to the early development of the Internet and has appointed the various entities which currently administer the Internet, including NSI. NSF has announced that, upon the expiration of its contract with NSI on March 31, 1998, it will not renew the NSI contract and plans to relinquish control of the Internet to the world community, although there are rumors that NSF may exercise its option to extend the NSI contract for six months.

SLD Second Level Domain Name

SLDs are the identifying letters and numbers that immediately precede the gTLD in an Internet address, e.g., COCACOLA.COM.

WIPO World Intellectual Property Organization

WIPO is an arm of the United Nations based in Geneva, Switzerland, which reviews and proposes global laws and treaties relating to intellectual property. Under the gTLD-MoU, WIPO would administer the ACPs.

Mr. COBLE. Thank you, Mr. Wood.

Gentlemen, thank you all for your testimony. And I apologize to Mr. Stimson and Mr. Kirk again because I had to momentarily leave. But I will examine your statements in more detail subsequently.

Mr. Battista, you indicated that many people anticipate or prefer immediate results and immediate solutions. We live in an era now when you want instant satisfaction to all problems. Earlier today, the commissioner indicated that we were not ready to mark up

today. Well, in this city, generally, and on this Hill specifically, when people start speaking in terms of marking up, the implication is that there is legislation waiting to be dropped in the hopper. Don't anyone have any anxiety surrounding that fear today. That is—we are not there yet. And I don't think we should be there yet, unless someone by dark of night has gone out and hammered out legislation unknown to me. So with that in mind, let me visit with you for a minute or two.

Mr. Battista, the responses to the Department of Commerce inquiry attached to your written testimony indicate that you believe that until legislation or case law defines the relationship between the various intellectual property rights and domain names, there can be no answer as to what trademark rights, if any, should be protected on the Internet vis-a-vis domain names. Do you believe it is wise for this subcommittee to prepare legislation which does define those relationships?

Mr. BATTISTA. Mr. Chairman, we would agree with Mr. Lehman that spoke earlier, that we are still in that evolutionary role. And we believe the testimony that the size of the problem at the present time impacting a key part of the commercial enterprise and trademark owners and domain name holders is not of the scope that requires legislation at this time.

We believe that the precedents now being established, some of which, the dispute policy we have put in place, are starting to make it clear to both domain name owners and trademark owners that there are two sides of the story and that intellectual property rights must be respected in any commercial environment.

So, in conclusion, at this time we do not believe that legislation is the avenue, but we do believe that the evolution of core precedent is the right approach.

Mr. COBLE. Mr. Kirk, some would argue that the market will take care of itself as the Internet evolves. And, in fact, we see some evidence of that in particular cases. The implication to this position is that Congress should stay out of the way and out of the fray. What are your thoughts on this?

Mr. KIRK. Mr. Chairman, we would agree with the witnesses that have spoken today that it is premature for legislation. The market is developing; the legal precedents are developing, at least in the United States; the antidilution statute, et cetera, are all moving in the right direction.

However, there does remain the problem that trademark owners are being put to unnecessary expense; albeit a few cases, still they are being put to that expense. There is the problem of trademark owners who share the same mark for different goods and services or share the same mark in different territories.

It is in that direction that we believe that more work should be done, looking at the possibility of a directory system. And we believe that could be implemented along the lines that Mr. Doug Wood just indicated, in a way that the discrimination of the registration system could take into account some of the problems created registering a trademark as a domain name by simply putting a dash or a "." or "US" in the front or the rear of the name. It would certainly seem that certainly technology is sufficiently advanced today that all of these could be taken care of in a very

quick, up-front screening procedure that would not delay the process at all.

Mr. COBLE. And I am not in disagreement with that conclusion. I would imagine that would probably be close to the unanimous opinion in this hearing room.

Mr. Stimson, your written testimony indicates an endorsement of the IAHC plan. What role, if any, do you see this subcommittee having in endorsing this or any other proposed plan for the future of assigning domain names? And we sort of envisioned a little bit the shadow of this all morning. But I will be glad to hear from you.

Mr. STIMSON. Well, Mr. Chairman, I want to emphasize that INTA has endorsed the IAHC plan as the best plan which has currently been presented. We do have a number of concerns with the IAHC plan, specifically on the issue of creating new gTLDs. Also we have some concerns about the dispute resolution provisions. And, INTA has put forward some other proposals. As I mentioned in my testimony, we are very willing to look at other proposals because we think IAHC is definitely not a perfect proposal. There is room for improvement.

I would just, at the expense of perfect harmony or the danger of having perfect harmony on the panel, just echo what has been said: that I don't see this is an issue for the subcommittee at this time. I certainly would not urge them at this point to endorse a specific plan, because I think that plans are being developed, and there may well be improvement on the IAHC plan. I think there is U.S. Government involvement already in the system, and so there may be involvement by this subcommittee or the Science Subcommittee in deciding what the government's role should be in the Internet. But on the specific issue of domain names and trademarks I don't see anything that the subcommittee needs to do at this point.

Mr. COBLE. Thank you Mr. Stimson. As an aside, on my way back from my brief departure earlier, I stopped in the men's room. Oftentimes you can exchange some good ideas in the men's room. And my friend, I think he was with NSI, he and I were talking about today's hearing. And I thought it was appropriate that he used these words. He said: I think the importance of today's hearing is that we flush out the problems.

And I thought that was appropriately timed. And that is why we are here. We are here to flush out problems and issues and engage in dialogue. And I think, with that in mind, I think it is been a good hearing.

Mr. John Wood, share with us if you will, some idea, or your opinion of the difficulties a unified international registry system faces in terms of dispute resolution, terminology, jurisdiction for disputes, foreign and common law interpretation, or other similar ancillary problems.

Mr. JOHN WOOD. Thank you, sir. I think that it is very important to realize that we don't live in a vacuum, but that trademark law has been developed on the national basis, both in terms of enablement and enforcement.

The first issue that arises is clearly the issue of jurisdiction and venue. Where is it that one gains redress? If we take different situations for example, we have a domain name holder like yourself that was in the UK; Network Solutions is obviously placed here in

the United States. The question that arises, then, is one of extraterritorial reach, a question of constitutionality, and a question of, quite candidly, the cost of flying either one party from one country to the other.

There is also, obviously, the question of the level of rights, the types of rights that the individuals have. The issues are, for example, does one of those parties have a strong mark or a less strong mark, the issue of famous marks and definitions.

So if one looks at, first and foremost, the issue of where is this going to occur, you immediately run into the issue of sovereignty and constitutionality and also the issue of due process. Systems operate at different speeds and in different ways.

If one then looks at the parties involved, you will find that they have state marks, in some situations common law rights. Those are different and placed in different parts of the world on a different level than, say, a Federal trademark.

In our own case, clearly, what the system seems to suggest is the fact that you need a Federal trademark registration. The first suggestion was that you had to have some kind of demonstrable right. However, how that may be demonstrated may be different in different jurisdictions.

The next level of questions is obviously the issues that relate to how the case could be resolved. If we use arbitration panels, what will be the criteria for those arbitration panels? Will you have the ability to gain redress? Will it cut your rights off from actually going into your national courts? Very quickly, because this is a global media, we could escalate the costs and run into dead ends. So there is a real need to recognize that there will need to be a tiered system that recognizes that small players, such as ourselves, and large players need to be on a free and fair and equal playing field.

So that, therefore, there needs to be choice so that redress is quick in terms of, say, a piracy situation, but is fair where it concerns, say, a small player like ourselves in the arena with, say, a large famous trademark holder, or in an arena that is far from part of the world, say Singapore.

So there are a large number of issues which really mean that we need to stop, take stock, and look at the complexities of it.

Another aspect is arbitration. Some countries are not overwhelmingly disposed to arbitration; for example, Belgium. So we have to consider the ways in which rights can be fairly addressed, but in speedy process, because the Internet does demand that. Thank you.

Mr. COBLE. Thank you, sir.

Mr. Wood, I previously addressed you or introduced you as Doug. Do you prefer Doug or Douglas?

Mr. DOUG WOOD. Doug is fine.

Mr. COBLE. Doug.

Mr. DOUG WOOD. Yes, sir.

Mr. COBLE. Mr. Doug Wood, let me ask you a question. Incidentally, I think everyone is entitled to be called the name of his choice. That is why I ask you that. If I were a Doug, I would be a Doug, too, I think.

Mr. DOUG WOOD. Interestingly, there is an old joke in the advertising industry that if you are an account executive, and your client

is introduced to you, and the client says to you, "I am sorry, what was your name?" the proper answer is, What would you like it to be?

Mr. COBLE. I can't improve on that.

Mr. Doug Wood, in your written testimony, you described the Internet as a remarkably self-healing medium. I am revisiting this issue. Would you say the organizations you represent are more concerned, A, about government interference in this area; or, B, is there a perceived need for some governmental involvement to ensure the integrity of trademarks?

Mr. DOUG WOOD. Oh, I think it is clearly A, Mr. Chairman, that we are concerned with government intervention at this stage of the game. There are some very legitimate proposals that are on the table from NSI and from the IAHC and others who have made some suggestions. There is a great deal of dialogue going on, and we believe that at least in the short-term, if given time, that a lot of these issues will be resolved.

One of the things that I think this committee can do to help that process is to urge the National Science Foundation to extend the network Solution, Inc. contract for an additional six months. I believe under their contract they can extend it another six months, giving us more time as an industry, and move back this March deadline to at least another six months, allowing for more time. But absolutely, I think it is A; we believe this system should be allowed to evolve with some time now.

Mr. COBLE. Well, gentlemen, you all have been very helpful and I appreciate you for coming this morning. I don't want anybody to think that we have slammed the door on legislation. I am not saying that there absolutely won't be any. But we must visit this in a deliberate, thorough manner and continue to flush out the problems, as my friend and I discussed earlier. And with your help I hope that we will come up with perhaps, Mr. Battista, not an immediate solution, but a solution with which we can all live.

I thank you all for your testimony. I thank those in the hearing room for your attendance. This concludes the Oversight Hearing on Internet Domain Name Trademark Protection. The record will remain open for one week, so if you all have any additional information you would like to submit to us, you have seven days in which to do that.

Thank you again. The subcommittee stands adjourned.

[Whereupon, at 11:40 a.m., the subcommittee adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING

LAUNCHING TRADEMARK LAW INTO CYBERSPACE: SHOULD THE DOMAIN NAME SYSTEM BE FEDERALIZED?

SHULI L. GREEN*

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INTRODUCTION

Despite its unspectacular beginnings,¹ the Internet² has blossomed from

* J.D. Candidate, 1998, Washington College of Law, American University; B.A., University of Maryland, 1994. Note & Comment Editor, *ADMINISTRATIVE LAW REVIEW*, 1997-98.

1. See Don Mitchell et al., *In Whose Domain: Name Service In Adolescence* (visited July 14, 1997) <<http://ksgwww.harvard.edu/iip/cal/bradner.html>> (explaining that Internet began as research project in protected environment where bureaucratic interference was unnecessary).

2. The Internet began as a Department of Defense (DOD) project called "Arpanet" which the DOD designed to promote military research. See James West Marcovitz, *ronald@mcdonalds.com - "Owning A Bitchin'" Corporate Trademark as an Internet Address - Infringement?*, 17 *CARDOZO L. REV.* 85, 89 n.23 (1995) (citing HARLEY HAIN & RICK STOUT, *THE INTERNET COMPLETE REFERENCE* 2 (1994)). The Internet exists as a group of networked computers which contain several million "host" or "site" computers that supply information to one another. *Id.*

No single authority owns or controls the Internet. *Id.* at 90. The Internet Society

a loose network of researchers and defense contractors into a powerful marketing tool, essential to commercial enterprises on a global scale.³ As a result of its rapid growth, the cultural ethics of the Internet, which emerged from within a small community of technological engineers, can no longer govern the Internet.⁴ Commentators have suggested that if the Internet is to survive in the commercial world, the culture and customs of the online community must be legally and operationally institutionalized.⁵

Two of the many legal issues concerning the Internet⁶ are whether to grant trademark⁷ protection to domain names,⁸ which are words used to identify Internet addresses,⁹ and whether the current Domain Name System

(ISOC), a voluntary membership organization, runs the primary functions of the Internet. *Id.* The purpose of the ISOC is to "[p]romote global information exchange through Internet technology." *Id.* at 90 n.30 (citing ED KROL, *THE WHOLE INTERNET* 18-19 (2d ed. 1994)).

3. Richard Zaitlen & David Victor, *The New Internet Domain Name Guidelines: Still Winner-Take-All*, 13 *COMPUTER LAW*, 12, 12 (May 1996). Companies consider the Internet as the "ultimate marketing tool" for the computer age because they can attract millions of potential customers simply by setting up an Internet site. *Id.* A web site may consist of games or activities to keep viewers interested and to remind people of the sponsor's name and products. *Id.* The cost of setting up and maintaining an Internet site is minimal compared to other modes of advertising. *Id.*

4. See Mitchell et al., *supra* note 1.

5. See *id.*

6. See generally Mark Aaron Paley, Note, *A Model Software Patent Act*, 12 *SANTA CLARA COMPUTER & HIGH TECH. L.J.* 301 (1996) (discussing proposed legislation dealing with patents and copyrights for computer software); Nati Davidi, Comment, *Patrolling the Red Light District of the Information Superhighway*, 49 *ADMIN. L. REV.* 429 (1997) (explaining why FCC should not become involved with Internet content regulation but to instead allow industry to self-regulate). While the advent of the Internet presents many other legal challenges, including the resolution of international trademark disputes, they are beyond the scope of this paper.

7. The author will use the terms "trademark" and "mark" interchangeably throughout this Comment.

8. See *Comp Examiner Agency v. Juris, Inc.*, No. 96-0213-WMB 1996 WL 376600, at *1 (C.D. Cal. Apr. 26, 1996) (applying trademark law to Cyberspace by issuing preliminary injunction to prevent Comp Examiner from using "juris.com" as its domain name for purpose of selling similar goods when Juris, Inc. already held registered trademark in name).

9. See Marcovitz, *supra* note 2, at 89. Any business, individual or entity that wishes to establish a web page on the Internet must have its own Internet address. *Id.* The address of the entity or "host" is actually a numeric "IP" (Internet Protocol) address which is simply a series of numbers separated by dots (i.e., 765.254.945.88). Andre Brunel, *Billions Registered, But No Rules: The Scope of Trademark Protection for Internet Domain Names*, 7 *J. PROPRIETARY RTS.* 2, 2 (1995). To make these addresses more readily available to users, the numbers are matched with mnemonic domain names (such as "name@sprint.com") which are easy to remember. *Id.* Each Internet host has a conversion table which automatically converts the mnemonic name into the corresponding numeric address of the host site so that viewers only see the mnemonic domain name. *Id.*

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(DNS)¹⁰ needs restructuring. Network Solutions, Inc. (NSI),¹¹ a private Virginia company under contract with the National Science Foundation (NSF) through March 1998,¹² implements the registration and maintenance of domain names.¹³ This Comment analyzes several intellectual property concerns regarding the use of domain names as trademarks. Part I explains the function of domain names, describes their use, and provides a brief description of trademark law. Part II discusses the structure of the current registration system and provides a history of domain name dispute cases. Part III compares domain names with other forms of trademarks, discusses legal problems with NSI's administration system, and analyzes proposed solutions. Finally, Part IV recommends federalizing the DNS to provide greater protection to domain name holders and trademark owners through the formal administrative system of the United States Patent and Trademark Office (PTO).

I. BACKGROUND

A. Domain Names

Every Internet domain name consists of two levels.¹⁴ The top level do-

10. See generally James W. Morando & Christian H. Nader, *Can Trademark Law Regulate the Race to Claim Internet Domain Names?*, 13 *COMPUTER LAW*, 10, 10 (Feb. 1996) (suggesting changes to Internet domain name registration policy that might solve some problems). Network Solutions, Inc. (NSI) is the current domain name registry. *Id.* at 10. NSI does not have the time or personnel to thoroughly review applications. *Id.* The most protection NSI gives to trademark holders is prevention of others from registering a name which a trademark holder has already registered. *Id.* NSI rejects applications only when it is clear that the applicant is not entitled to a particular name. *Id.*

11. See Evan Ramstad, *Cyberspace's Hated Cop*, *BUFF. NEWS*, Sept. 9, 1996, at A9, available in 1996 WL 586579. NSI is a small government contractor located in Herndon, Virginia. *Id.* It is primarily responsible for maintaining the DNS by registering Internet domain names. *Id.*

12. The National Science Foundation may implement programs to promote the development of computer technologies. 42 U.S.C. §§ 1862(a)(4), (b) (1994). Network Solutions plans to maintain its registry after its contract with the government expires. See David S. Hilzenrath, *Network Solutions Dropped as Registrar of Internet Domains*, *WASH. POST*, Apr. 24, 1997, at E1.

13. See G. Andrew Barger, *Cybermarks: A Proposed Hierarchical Modeling System of Registration and Internet Architecture for Domain Names*, 29 *J. MARSHALL L. REV.* 623, 631 (1996). InterNic, which operates as the Internet's central resource center, has three divisions that were established by the NSF: (1) the Internet Activities Board (IAB); (2) the InterNic Registration Services (INRS); and (3) the Internet Assigned Numbers Authority (IANA). *Id.* NSI is a commercial organization which is a subsidiary of the Science Applications International Corporation (SAIC). *Id.*

14. See Richard L. Baum & Robert C. Cumbow, *First Use: Key Test in Internet Do-*

main (TLD),¹⁵ which refers to the portion immediately following the final period at the end of the domain name, describes the type of organization using the name.¹⁶ For example, organizations may be categorized as educational, commercial, or international,¹⁷ which correspond to the TLDs ".edu", ".com", and ".int". The second level domain, or domain name, which directly precedes the TLD, signifies the unique name or identifier of the host.¹⁸ TLDs may refer to numerous entities, but only one host or web site may use an individual domain name.¹⁹ Because no universal phone book for Internet addresses exists, most users who wish to access a particular site often locate the domain name through trial and error.²⁰ Search engines exist, but they are often incomplete and difficult to use.²¹ Due to the complexity of locating information online, many companies have sought to register their trademarks as domain names in order to help users locate their Internet sites.

B. Trademark Law

A trademark may be any word, name, symbol, or device used to identify and distinguish goods and services.²² Trademarks help consumers decide which products to buy because they provide information about the quality and source of the goods and services,²³ and represent the goodwill of the business selling the product.²⁴ In the United States, federal ownership rights to a trademark are established through its use in interstate commerce.²⁵ The PTO registers all qualifying trademarks according to a unique

main Disputes, NAT'L L.J., Feb. 12, 1996, at C17.

15. *See id.*

16. *See* Michele A. Farber, *NSI Domain Name Dispute Policy Statement: Trademarks in Cyberspace*, 451 PLI/PAT 133, 136 (1996) (stating that there are several top level domains currently in use: ".edu" (educational organization), ".com" (commercial organization), ".net" (computer site or network), ".org" (miscellaneous organization), ".int" (international database and organization), ".mil" (U.S. military) and ".gov" (governmental organization)).

17. *See id.*

18. *See* Baum & Cumbow, *supra* note 14, at C17.

19. *See id.*

20. *See* Morando & Nadan, *supra* note 10, at 10.

21. *See generally* Yahoo (visited Aug. 7, 1997) <<http://search.yahoo.com>>; Excite (visited Aug. 7, 1997) <<http://www.excite.com>>; Infoseek (visited Aug. 7, 1997) <<http://www.infoseek.com>>; Lycos (visited Aug. 7, 1997) <<http://www.lycos.com>> (demonstrating unreliable use of major search engines).

22. *See* 15 U.S.C. § 1127 (1994).

23. *See id.*

24. *See* Alexander Gigante, "Domain-ia", *The Growing Tension Between the DNS and Trademark Law* (visited July 14, 1997) <<http://ksgwww.harvard.edu/iip/cai/gigante.html>>.

25. *See* 15 U.S.C. § 1051(a) (1994).

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classification system.²⁶ Marks fall into distinct categories depending on the type of product or service they represent.²⁷ The level of protection given to each mark is based on the classification,²⁸ geographic location,²⁹ and strength of the mark.³⁰

Businesses may obtain federal trademark registration by filing an application form with the PTO and submitting it along with a filing fee, a drawing page, and in some cases, specimens indicating how the business will use the mark in commerce.³¹ Businesses may also obtain federal trademark registration prior to actual use in commerce by submitting a written application to the PTO.³² The application must include a formulation of a "bona fide" intent to use the mark in interstate commerce,³³ an explanation of how the applicant will use the mark,³⁴ and a \$245.00 application fee.³⁵ In addition, multiple parties may obtain concurrent rights to a single mark when they conduct business in different geographic locations and sell dissimilar products, or when the mark is unlikely to create confusion as to the source of the goods.³⁶

26. See generally David Ehrlich, *Domestic Registration of Licensed Trademarks and Copyrights*, 445 PLI/PAT 219 (1996) (including lists and explanation of PTO classification system).

27. See 15 U.S.C. § 1112 (1994).

28. See *id.*

29. See *Hanover Star Mining Co. v. Metcalf*, 240 U.S. 403 (1916) (holding that under common law, trademark rights are enforceable in territories where owner has achieved market penetration).

30. See *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81 (2d Cir. 1984) (discussing classification of strength of mark according to distinctiveness).

31. See 15 U.S.C. § 1051 (1994); see also Jesse N. Marshall, *Domain Names and Trademarks: At the Intersection* (visited July 14, 1997) <http://www.isoc.org/isoc/whatis/conferences/inet/96/proceedings/f4/f4_3.htm> (discussing requirements for trademark registration). Because the PTO obtains its jurisdiction under the Commerce Clause of the U.S. Constitution, marks that applicants present for registration must be used by the applicants in a type of commerce that Congress may regulate. *Id.* Typically this means that a mark must move between at least two states along with the products or services it represents. *Id.*

32. See Anne Haring, *Principles of Trademark Law*, 451 PLI/PAT 7, 37 (1996).

33. 15 U.S.C. § 1051(b) (1994).

34. See Haring, *supra* note 32, at 38. Sections 1 and 23 of the Lanham Act set forth the statutory requirements for the contents of a registration application. *Id.* at 37-38. Detailed rules that supplement these requirements are published in the Rules of Practice in Trademark Cases, UNITED STATES PATENT AND TRADEMARK OFFICE, RULES OF PRACTICE IN TRADEMARK CASES WITH FORMS AND STATUTES (1952), and the Trademark Manual of Examining Procedure, JEROME GILSON & JEFFREY M. SAMUALS, TRADEMARK MANUAL OF EXAMINING PROCEDURE (1997).

35. See Haring, *supra* note 32, at 38.

36. See *Marcovitz*, *supra* note 2, at 107 n.125 (citing *Safe Flight Instrument Corp. v. Stencel Aero Eng'g Corp.*, 323 F. Supp. 279, 284 (W.D.N.C. 1970)) (holding that "[i]t is

Once an application has been submitted, a PTO Trademark Attorney will examine the proposed trademark for conflicts with existing marks.³⁷ If there are no conflicts with other marks, the Trademark Attorney will pass the mark for publication in the Official Gazette of the PTO.³⁸ If no one files an opposition to the mark within thirty days of the publication date, the PTO approves the application for registration.³⁹ If a challenger files an opposition pursuant to section 13 of the Lanham Act, the PTO conducts an administrative hearing before the Trademark Trial and Appeal Board.⁴⁰ The Board may also conduct cancellation proceedings when a challenger files an opposition to a registered trademark.⁴¹ Parties may appeal Board decisions to the United States Court of Appeals for the Federal Circuit or to a United States District Court.⁴²

Once trademark rights have been established, trademark owners (TMOs) can enforce their rights against subsequent users of the marks. Trademark infringement occurs when the use of a mark by someone other than the TMO is likely to create confusion among consumers as to the source of the goods or services.⁴³ In 1995, Congress passed the Trademark Dilution Act⁴⁴ which federalized state dilution law.⁴⁵ Trademark dilution occurs

established law that where identical marks are used by different parties for different products there is no infringement").

37. See *Hiaring*, *supra* note 32, at 38 (stating that PTO Trademark Attorneys check for compliance with trademark rules and verify that marks are distinctive and not "confusingly similar" to other registered marks).

38. See *id.* The purpose of the publication is to give notice to others of the applicant's claim of rights in the mark. *Id.*

39. See *id.*

40. See *id.* at 42-43. The Board grants parties time to conduct depositions and discovery and to submit trial briefs. *Id.* at 43. If requested, the Board will conduct a hearing to decide whether or not it will sustain opposition. *Id.* See generally Ehrlich, *supra* note 26, at 294 (explaining where to obtain information on trademark opposition, cancellation, and concurrent use proceedings).

41. See *Hiaring*, *supra* note 32, at 43 (stating that these proceedings are inexpensive and provide viable alternatives to litigation because infringing parties are likely to relinquish use of their marks when challenged). Cf. *id.* (stating timely opposition might persuade infringers to cease use of challenged mark).

42. See *id.*

43. See *id.*

44. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §§ 1125(c), 1127 (1996)). The Trademark Dilution Act of 1995 defines "dilution" as the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties or (2) likelihood of confusion, mistake, or deception. *Id.* The Act prescribes remedies for dilution of famous marks and lists eight criteria for determining whether a mark is distinctive or famous. *Id.*

45. See Kenneth Sutherland Ducker, *Trademark Law Lost in Cyberspace: Trademark Protection for Internet Addresses*, 9 HARV. J.L. & TECH. 483, 491 (1996) (stating that Act's

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when subsequent users adopt famous marks to use in connection with dissimilar products, resulting in the lessening of the strength of the original mark.⁴⁶ Although the Trademark Dilution Act affords heightened protection to famous marks,⁴⁷ it does little to resolve disputes between parties who use common law and non-famous marks⁴⁸ as Internet domain names.⁴⁹ The advent of the Internet as an important marketing tool has created conflicts both between TMOs who wish to use their trademarks as domain names and those who have already registered those marks as domain names, and between concurrent rights holders, each of whom wish to register the same mark as a domain name.

II. DOMAIN NAMES AS TRADEMARKS

A. NSI'S Current Registration System

NSI governs the DNS according to its own administrative policies. In 1996, NSI released its current policy on the resolution of domain name disputes.⁵⁰ The present system of domain name registration functions on a first-come, first-served basis.⁵¹ The lack of clear guidelines in NSI's registration policy⁵² has led to litigation concerning both domain name owners'

purpose is to give dilution protection to federal marks and to grant owners of "famous" marks cause of action for dilution in absence of any likelihood of confusion). The amendment does not invalidate state law but instead prevents parties from bringing action under state law regarding federally registered marks. *Id.* The Act also allows for a cause of action even where no competition exists between parties. *Id.*

46. See BLACK'S LAW DICTIONARY 458 (6th ed. 1990).

47. See Dueker, *supra* note 45.

48. See RICHARD RAYSMAN ET AL., MULTIMEDIA LAW: FORMS & ANALYSIS § 10.04[1] (1996). Common law trademark rights, based on use of the mark, apply only to the geographic region where the mark defines products or services. *Id.* at § 10.04[3][h]. Use of common law marks as Internet addresses might cause problems because the Internet is accessible worldwide. *Id.* Therefore, a common law mark holder from a relatively small geographic area could bar other trademark holders from using their registered marks as Internet addresses. *Id.* The present DNS does not allow concurrent use of a name. See Barger, *supra* note 13, at 652. Under the Lanham Act, however, different registrants in separate parts of the country may obtain registration of the same mark. *Id.*

49. See Carl Oppedahl, *Analysis and Suggestions Regarding NSI Domain Name Trademark Dispute Policy* (visited July 14, 1997) <<http://www.patents.com/nsi/iip.sht>> (stating that approximately less than one percent of trademarks are distinctive).

50. *Network Solutions' Domain Name Dispute Policy*, (Revision 02, Effective Sept. 9, 1996), <<ftp://rs.internic.net/policy/internic.domain.policy>> [hereinafter "NSI Policy"].

51. See Farber, *supra* note 16, at 138.

52. See NSI Policy, *supra* note 50 (stating in its policy that "by registering a domain name, Network Solutions does not determine the legality of the domain name registration, or otherwise evaluate whether that registration or use may infringe upon the rights of a third

(DNO) and trademark owners' intellectual property rights.⁵³

Two types of trademark conflicts frequently arise under the registration system.⁵⁴ The first type, known as "domain grabbing,"⁵⁵ occurs when companies that are slow to register their trademarks as Internet addresses find that competitors⁵⁶ or speculators⁵⁷ have already registered their trademarked names with NSI. Companies often register their competitor's trademarks as domain names to prevent their competitors from using the names themselves⁵⁸ and to display their own desired messages at that site.⁵⁹ Speculators, on the other hand, register famous trademarks as domain names with the hope of selling them back to the trademark owners at inflated prices.⁶⁰ The owner of the trademark is protected either by NSI's

party").

53. See discussion *infra* Part II(B) (discussing domain name dispute cases).

54. See Morando & Nadan, *supra* note 10, at 10.

55. Brunel, *supra* note 9, at 2.

56. See, e.g., Dueker, *supra* note 45, at 502 (describing how Princeton Review returned its domain name, "kaplan.com.", to Kaplan Education Center); see also Morando & Nadan, *supra* note 10, at 10 (citing Joshua Quittner, *Billions Registered*, WIRED, Oct. 1994, at 50 (explaining how Sprint registered "mci.com", to prevent MCI from registering name, but was forced by InterNic to return it one week later)).

57. See Brunel, *supra* note 9, at 2 (explaining how speculation began with article published in Wired Magazine titled: "Billions Registered. Right Now, There Are No Rules to Keep You From Owning a Bitchin' Corporate Name as Your Own Internet Address."). The author of the article, Joshua Quittner, gave McDonald's Corporation ("McDonalds") a first-hand view of the lawlessness of the current Domain Name System. *Id.* He registered "mcdonalds.com", as his domain name. *Id.* After a few unsuccessful attempts to retrieve its coveted trademark, McDonald's eventually consented to Quittner's ransom request by making a three thousand dollar contribution to a New York City public school. *Id.*

58. See Dueker, *supra* note 45, at 509 (stating "MCI, a telecommunications company, was caught with its virtual pants down when Sprint was able to highjack the name 'mci.com'").

59. See e.g., Morando & Nadan, *supra* note 10, at 11 (explaining how Princeton Review, a standardized test preparation company, registered name of its rival, Kaplan Education Center, for purpose of setting up site establishing Princeton's superiority to Kaplan).

60. See Sally M. Abel, *Trademark Issues in Cyberspace: The Brave New Frontier*, 451 PLI/PAT 151, 158 (1996). Many corporations have had unpleasant experiences with domain name pirating including: Coke, Hertz, Nasdaq, Viacom, MTV, Avon, B. Dalton and Reader's Digest. *Id.* Further, many companies have found that other businesses or individuals have registered variations of their marks which are confusingly similar. *Id.* For instance, if Microsoft registered "microsoft.com" as its domain name, someone else may still register "micr0soft.com" or "m1cros0ft.com". *Id.* Another problem related to domain name pirating is that registries in other parts of the world, not affiliated with NSI, may register identical domain names, as long as the TLD is different. *Id.* As a result there could be a "microsoft.uk" in England hosted by someone other than Microsoft. *Id.* See Morando & Nadan, *supra* note 10, at 10 (stating that 14% of Fortune 500 companies have had their logical choice domain names grabbed by someone else); see also Gigante, *supra* note 24 (stating that Microsoft paid \$10,000 for name "slate.com" for its new WWW-based interactive

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haphazard policy,⁶¹ dilution law,⁶² or arbitration settlements.⁶³

The second type of dispute arises when different parties with concurrent rights to the same mark seek to use the mark as a domain name for their web sites.⁶⁴ In this situation, two or more companies have the same name as their trademark, but, due to the design of the DNS, only one company may register it as a domain name.⁶⁵ On the Internet, only one business may have a particular name no matter what it sells or where it is located.⁶⁶ As a result, many TMOs have found that when they attempt to register their marks as domain names, another business with concurrent rights to the same mark has already registered it.⁶⁷

NSI addressed the first type of dispute, domain grabbing, in its initial policy revision in 1995.⁶⁸ With this policy, NSI instituted a "one name per organization" rule,⁶⁹ hoping that this would prevent companies from registering the names of others.⁷⁰ This rule, however, prevented companies that

magazine).

61. *NSI Policy*, *supra* note 50.

62. See Cornelia Grumman, *Web of Internet Name Game Getting Tangled*, CHI. TRIB., March 25, 1996, at C1 (discussing how Avon won control over name "avon.com" after claiming dilution, trademark infringement and unfair competition as result of defendant's registration of name); *Antidilution Trademark Law Gets First Court Case: Personal Care Company Sues to Retrieve Computer Domain*, INFO. L. ALERT, Feb. 9, 1996 (stating that Clinton signed Federal Trademark Dilution Act just days before Avon filed suit and that Internet growth contributed to passage of Act).

63. See Dueker, *supra* note 45, at 502 (stating that when Stanley Kaplan Company refused Princeton Review's offer to return domain name, "kaplan.com", in exchange for case of beer, arbitration panel required Princeton Review to relinquish name).

64. See Zaitlen & Victor, *supra* note 3, at 12 and accompanying text (noting that company may discover someone else using domain name it selected).

65. See *id.* at 16 (describing recent dispute between Fry's Electronics, Inc., a California retailer of electronic goods, and Frenchy Frys, a Seattle, Washington-based vending machine repair service). Frenchy Frys registered the name "frys.com" and set up an Internet site advertising its repair services. *Id.* Fry's Electronics sought damages for trademark infringement and asked the court to issue an injunction prohibiting Frenchy Frys from using the name as its Internet address. *Id.* Frenchy Fries filed a motion to dismiss, claiming that no infringement existed because its products and services are not confusingly similar to the plaintiffs'. *Id.*

66. See Gigante, *supra* note 24 (stating that 1996 Manhattan telephone directory lists under name "Acme" an awning company, belt manufacturer, cash register company, dry cleaner, exterminating service, nail salon, refinery, safe company, and uniform supplier). There may be hundreds of "acmes", but only one "acme.com" on the Internet. *Id.*

67. See David J. Loundy, *Internet Name Game Gets New Set Of Rules*, CHH. DAILY L. BULL., Sept. 12, 1996, at 5 (stating if there are several businesses all with same trademarked name, only one will get to register it as a ".com" address on Internet).

68. See *NSI's Domain Name Dispute Policy*, *supra* note 50.

69. Abel, *supra* note 60, at 158.

70. Dueker, *supra* note 45, at 500. This policy created problems because many organizations hold multiple trademarks. *Id.* Also, the term "organization" was not well-defined.

have more than one trademarked product from registering each as a domain name.⁷¹ In response to complaints about this policy, NSI instituted a new policy in 1996 whereby it revoked any domain name not in use after a period of time.⁷² It also initiated a fee of one hundred dollars to register a name for two years.⁷³ By instituting these requirements, NSI sought to discourage people from engaging in domain name speculation.

The second type of dispute, which occurs when holders of concurrent rights to a single mark seek to register that mark as a domain name, presents greater problems for NSI.⁷⁴ Although NSI has claimed that it will not act as an arbitrator of disputes, it has essentially become just that.⁷⁵ Under NSI's present policy, any TMO may challenge a DNO's registration by writing a letter to the DNO and NSI, enclosing a verified copy of the

and it led to confusion about who could have more than one name. *Id.* Finally, the policy was unfair because it allowed the 670 companies which had already registered multiple names to keep them. *Id.*

71. See Brunel, *supra* note 9, at 5. This rule prevented subsidiaries of large conglomerates from registering their own established marks as domain names. *Id.* Likewise, the rule precluded companies which had already registered their house names from registering the names of individual products or services which they may seek to promote on a separate site. *Id.*

72. See NSI Policy, *supra* note 50 (stating that in event that applicant does not make 'regular use' of its assigned domain name for period of 90 days, it will terminate registration upon request); see also Morando & Nadeau, *supra* note 10, at 11 (noting that "failure to use the domain name may result in cancellation of the registration").

73. See Abel, *supra* note 60, at 158. The new fees, however, have raised questions of whether NSI is merely taking advantage of its monopoly status to benefit financially. See Robert Shaw, *Internet Domain Names: Whose Domain Is This?* (visited July 14, 1997) <<http://www.itu.int/intreg/dns.html>> (explaining that there has been much criticism of NSI's monopoly on international name resources). One estimate showed that NSI earned \$20 million in fees in the first six months of 1996 under the new policy and projected it would earn around \$60 million by September 1996. *Id.* Although the costs of maintaining a domain registry are unclear, NSI retains 70% of the profit and deposits 30% into an Internet "Intellectual Infrastructure" fund administered by NSF. *Id.* but see Evan Ramstad, *The Net's Traffic Cop: Network Solutions Has Gained Influence and Enemies with Its Domain Registry: Network Solutions Rules in Cyberspace*, AUSTIN AM. STATESMAN, Sept. 2, 1996, at D1 (stating that NSI's profit is not as great as it seems because many registrants have not paid, and many speculators have registered domain names to sell to people who really want to use them as Internet addresses). In fact, in June 1997, the Justice Department requested documents relating to NSI's registration business to determine whether the process of assigning domain names violates antitrust laws. Rajiv Chandrasekaran, *Internet Address Assigner in Virginia is Focus of Justice Department Antitrust Probe*, WASH. POST, July 6, 1997, at A13.

74. See Gigante, *supra* note 24, at 15. NSI's latest revision to its dispute policy, known as the "1996 Amendment," became effective on September 9, 1996. *Id.* This revision marks the fourth change in NSI's policy in just over a year. *Id.*

75. See NSI Policy, *supra* note 50 (stating policy for handling disputes between DNOs and TMOs).

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owner's trademark registration.⁷⁶ Upon receipt of such a letter, NSI will place the name "on hold" for thirty days during which time no one will be allowed to use the name.⁷⁷ During this period, the DNO risks losing the name permanently unless it produces a valid registered trademark of its own.⁷⁸ NSI will terminate a DNO's registration unless the DNO registered the trademark before the date of NSI's request for proof of ownership or the date of the challenging party's notice of a dispute to the registrant, whichever occurred earlier.⁷⁹ Once the DNO has met all of these requirements, NSI will continue to allow the DNO to use the name subject to a court order.⁸⁰ If, however, the DNO cannot produce proof of registration, the name will be placed on hold and neither party will be allowed to use it until a court resolves the issuer.⁸¹ As discussed later, NSI's policy presents problems for both DNOs and TMOs.

76. See Carl Oppedahl, *NSI Domain Name Dispute Policy Puts Owners at Significant Risk*, N.Y.L.J. 5, May 21, 1996, at 5 (noting that trademark holders may word "warning" letters to domain name owners any way they wish, "specifying unequivocally and with particularity that the registration and use of the registrant's domain name violates the legal rights of the trademark owner"). One month after NSI initiated this policy, NSI had already terminated approximately ten domain names, and the numbers increased to fifty by March 1996. Oppedahl, *supra* note 49. By May 1996, NSI had terminated at least 200 names. *Id.* TMOs and DNOs began to realize that these proceedings always resulted in the loss of the name. *Id.* DNOs began to privately hand their names over to TMOs to avoid the NSI administrative procedures designed to grant TMOs the "special relief" they would inevitably receive. *Id.*

77. See Oppedahl, *supra* note 49, at 6 (noting that trademark owner does not automatically obtain domain name simply by winning challenge proceeding). To release the name from "on hold" status, the TMO must either obtain a court order or pay the DNO to relinquish the name. *Id.*

78. Oppedahl, *supra* note 49, at 6. Under this policy it is insufficient that the DNO is not infringing on anyone's trademark; it must produce a trademark of its own. *Id.* This presents serious problems for the DNO because it takes months, and sometimes years, to obtain a trademark. *Id.* Furthermore, in the United States the DNO cannot obtain a trademark unless it can show that it will use the name in-conjunction with products or services sold in interstate commerce. *Id.* Therefore, small businesses that do not engage in interstate commerce, and businesses that only wish to associate a domain name with their company name, cannot obtain a trademark from the PTO. *Id.*

79. *NSI Policy*, *supra* note 50.

80. See Moradan & Nadan, *supra* note 10, at 12 (stating that party most likely to prevail in this scenario is party who was first to register mark, regardless of how long other party has been using mark); Abel, *supra* note 60, at 159 (stating that DNO must be able to show either that it has valid registration or that its use of domain pre-dates effective date of TMO's registration of mark).

81. See Abel, *supra* note 60, at 159. The DNO is granted a 90 day phase out period to relinquish the name. *Id.* At this point, the name is unavailable to either party pending the outcome of the dispute. *Id.*

B. Domain Name Dispute Cases

The failure of NSI's policy to resolve these disputes has led to a rise in the litigation of domain name conflicts. Several recent cases illustrate how courts have applied trademark law to domain name disputes. In *ActMedia, Inc. v. Active Media Int'l, Inc.*,⁸² the United States District Court for the Northern District of Illinois ruled that Active Media International's registration of the domain name "actmedia.com" infringed upon ActMedia's federally registered trademark for the name.⁸³ The court ruled that the defendant's use of the name was likely to cause confusion that the plaintiff and the defendant were affiliated and that the plaintiff sponsored the defendant's products and services.⁸⁴ So holding, the court granted the plaintiff permanent injunctive relief,⁸⁵ concluding that an injunction was appropriate because ActMedia had no remedy at common law, and the public interest would be best served by saving ActMedia from the irreparable harm it would suffer due to the unauthorized use of its name.⁸⁶

In *Panavision International, L.P. v. Toeppen*,⁸⁷ a California district court considered whether Panavision, a motion picture business,⁸⁸ had personal jurisdiction to sue Toeppen in California.⁸⁹ The Court held that Panavision had jurisdiction because Toeppen registered the domain name, "panavision.com,"⁹⁰ with the intent to harm Panavision's business, which was principally located in California.⁹¹ In *Panavision*, Toeppen acted as a "spoiler" of other businesses on the Internet⁹² because he had registered many other corporations' trademarks as domain names in addition to Panavision's trademark.⁹³

82. No. 96-C3447, 1996 WL 466527, *1 (N.D. Ill. July 17, 1996).

83. *Id.* at *2.

84. *See id.*

85. *See id.* The injunction prevented Active Media International from using the name and forced it to relinquish all rights in the domain name to ActMedia. *Id.*

86. *See id.*

87. 938 F. Supp. 616 (C.D. Cal. 1996).

88. *Id.* at 618.

89. *Id.* at 619-20.

90. *Id.*

91. *Id.* at 621-22. Toeppen had effectively prevented Panavision from using its trademark as a domain name. *Id.*

92. *See Panavision*, 938 F. Supp. at 621 (stating Panavision asserted that Toeppen registered name hoping Panavision would discover that it was precluded from using its trademark as Internet address and pay Toeppen for name rather than expending time and expense of suing him). Panavision brought claims against Toeppen for trademark dilution, unfair competition, intentional and negligent interference with prospective economic advantage, and breach of contract. *Id.*

93. *See id.* at 619 (citing list of Toeppen's domain names including: aircanada.com, anaheimstadium.com, camdenyards.com, eddiebauer.com, deltaairlines.com, lufthansa.com.

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In *MTV Networks v. Curry*,⁹⁴ MTV Networks ("MTV") sued one of its former video jockeys, Adam Curry, for trademark infringement in connection with his web site, "mtv.com".⁹⁵ MTV sued for infringement when Curry refused to stop using the "mtv.com" Internet address after he was no longer employed by MTV.⁹⁶ Curry counterclaimed, and MTV filed a motion to dismiss the claims.⁹⁷ The court dismissed MTV's motion, holding that the web site was a joint venture between the parties because MTV encouraged Curry to develop the site.⁹⁸ Curry finally returned the name pursuant to a settlement agreement with MTV.⁹⁹

In addition, in *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*,¹⁰⁰ the United States District Court for the Western District of Washington issued a preliminary injunction preventing the Internet Entertainment Group from using the name "candyland.com" as an address for its Internet pornography service.¹⁰¹ Hasbro has owned the federally registered name "Candyland" since 1951 as the name of a popular children's board game.¹⁰² The court held that Hasbro would likely prevail on its federal dilution claims.¹⁰³

III. ANALYSIS

A. Comparison of Domain Names to Trademarks

Two competing theories attempt to explain the relationship between domain names and trademarks. The first theory assumes that trademark law

yankeestadium.com. and frenchopen.com. to name few).

94. 867 F. Supp. 202 (S.D.N.Y. 1994).

95. *Id.* at 203-04. Curry alleged that he consulted with MTV Vice President Matthew Farber in June 1993, and Farber encouraged him to continue developing his web site at his own expense. *Id.* at 204. MTV asserted that it had not made any contractual agreements allowing Curry to develop the site and that it maintained any and all rights to the name "mtv.com". *Id.* at 204.

96. *Id.* at 204 (explaining how MTV formally requested that Curry cease use of address, and just a few months later it was estimated that millions of users had accessed address).

97. *See id.* at 204-06.

98. *See id.* at 208.

99. *See* Carrie Weinfeld, *Carrie a onulrev.onu.edu: Internet Domain Names and Trademark Infringement*, 23 OHIO N.U. L. REV. 229 (1996).

100. 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996).

101. *Id.*

102. *Id.*

103. *See Porn Page Ordered to Stop Using Hasbro Trademark in Internet Address*, WEST'S LEGAL NEWS 701, Feb. 9, 1996, available in 1996 WL 258458. Internet Entertainment Group, Inc. argued that due to the contents of its site, there was little chance of confusion among consumers. *Id.* Hasbro's concern, however, was that its image would be tarnished. *Id.*

does not confer rights to domain name owners because domain names act solely as Internet addresses.¹⁰⁴ NSI's preferential treatment of TMOs in domain name disputes exemplifies this theory in that NSI does not regard domain names as intellectual property.¹⁰⁵ Many Internet "anarchists"¹⁰⁶ further argue that the phenomenal rate at which the Internet is growing will make it impossible for trademark law to govern the use of domain names.¹⁰⁷ Finally, the use of a domain name solely as a trade name may be insufficient to obtain trademark or service mark rights.¹⁰⁸

An alternative theory recognizes domain names as trademarks. Domain names, like trademarks, may be words, names, symbols, or devices.¹⁰⁹ Because they may identify the source and quality of products and services associated with specific Internet sites, domain names used by someone other than the TMO are often likely to cause mistake or confusion by consumers.¹¹⁰ Furthermore, some domain names have acquired commercial value and goodwill for businesses over the Internet the same way that trademarks create goodwill in other types of advertising.¹¹¹ Thus, some courts have begun to recognize domain names as trademarks.¹¹²

B. Legal Problems with NSI'S Current DNS

NSI's administrative policy presents several distinct problems. First, as previously discussed, NSI's policy fails to prevent disputes between TMOs and DNOs from arising.¹¹³ Second, NSI's policy of suspending domain

104. See Baum & Cumbow, *supra* note 14, at C18.

105. See *id.* Internet users do not "own" their domain names in the way that one "owns" rights to a trademark. *Id.* DNOs are only licensed to use their names by NSI, and NSI may revoke those names for a number of reasons. *Id.*

106. Mitchell et al., *supra* note 1, at 5. Although proud of its anarchical nature, the Internet community recognizes that it must create new authorities based on globally credible institutions of governance to ensure isolation and protection for that anarchy. *Id.*

107. See *id.* at 6.

108. See Barger, *supra* note 13, at 642 (stating that there must be nexus between use of name in commerce and person or organization rendering services for use of domain name to rise to level of service mark use).

109. See Morando & Natan, *supra* note 10, at 11.

110. See *id.*

111. See Gigante, *supra* note 24, at 4. The PTO will register domain names as trademarks, and many legal scholars have also accepted domain names as trademarks. *Id.*

112. See Victoria Slind-Flor, *The Domain Name Game is Heating Up the Internet: Roadrunner, Candyland, Yourname.Com Feed Litigation as Companies Move to Nail Down Trademarks in Cyberspace*, NAT'L L.J., June 3, 1996, at B1 (stating that in *Comp Examiner Agency, Inc. v. Juris, Inc.*, No. 96-0213-WMB, 1996 WL 376600, at *1 (C.D. Cal. Apr. 26, 1996), court held for first time that Internet domain names enjoy trademark protection).

113. See Loundy, *supra* note 67, at 4 (stating that NSI will grant domain name to first party that applies for it, and it does not determine whether name may infringe upon existing

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names upon receipt of a competing trademark registration discriminates against DNOs by exposing them to the risk of losing their domain names.¹¹⁴ Finally, the policy fails because it affords no protection to common law TMOs.¹¹⁵

NSI's Domain Name Dispute Policy fails to provide the procedural safeguards of legal preliminary injunction proceedings. In preliminary injunction proceedings, a party, or in this case a TMO, seeking an injunction must perform a reasonableness inquiry prior to filing suit where the TMO must demonstrate a likelihood of success on the merits as well as a likelihood of irreparable harm.¹¹⁶ Additionally, the TMO may have to present proof that it is likely to carry the heavier burden in a balancing of hardships analysis.¹¹⁷ Finally, a TMO is required to post a bond payable to the defendant in the event that a court overrules the injunction at trial.¹¹⁸ All of these steps must be satisfied *before* a court will grant a preliminary injunction.¹¹⁹ In contrast, NSI's policy does not require a showing of any likelihood of success or evidence of trademark infringement by the DNO.¹²⁰ Once the TMO produces a valid trademark registration of the name, NSI will put the domain name on hold.¹²¹ Thus, NSI's policy favors the rights of TMOs over the rights of DNOs.¹²²

trademark).

114. *But see* Gigante, *supra* note 24, at 3 (explaining that NSI's policy is harmful to TMOs as well because it allows DNOs to avoid suspension if they can produce trademark registration obtained anywhere in world). American law, in contrast, grants even an unregistered senior user of a United States mark priority over a junior registration of the name in another country. *Id.*

115. *See* RAYSMAN ET AL., *supra* note 48, at 3. Common law trademark rights pertain to the geographic location, time and scope of the mark's use. *Id.* NSI's policy effectively ignores any common law rights. *Id.*

116. *See* Oppedahl, *supra* note 76, at 5 (stating that lawyer may face Rule 11 sanctions if he or she fails to perform reasonable inquiry).

117. *See id.*

118. *See id.*

119. *See id.*

120. *See id.*

121. *See id.* The only remedy the DNO has is to produce a trademark registration that pre-dates use of the name or to show proof of first use that occurred prior to the TMO's registration of the name. *Id.*; *see* Loundy, *supra* note 67, at 24 (stating that TMO initiates process by sending notice of its registration to NSI, and TMO is not required to claim trademark infringement; *but see id.* (explaining that there have been six lawsuits filed against NSI initiated by DNOs trying to block injunctions). As a result, NSI has amended its policy. *Id.* When served with a complaint, NSI will relinquish to the court complete control of the disputed name, while allowing the DNO to continue using the name. *Id.*

122. *See* Oppedahl, *supra* note 76, at 5 (stating that "for trademark owners, the policy has proven to be a dream come true. For domain name owners the policy presents a great risk of loss of one's domain name").

C. Problems with Proposed Solutions

The two most commonly suggested solutions to the Internet domain name dilemma are either to increase the number of TLDs¹²³ or to create a comprehensive directory to aid users in locating particular sites.¹²⁴ Although these options may be helpful in expanding business and user access to the Internet, they do little to resolve trademark disputes.¹²⁵ Increasing the number of TLDs will only exacerbate this situation by allowing more businesses to register famous marks as their domain names.¹²⁶ Furthermore, the PTO does not recognize TLDs as part of a trademark.¹²⁷ Consequently, regardless of how many TLDs are created, there still may only be one registered owner of any particular mark.

Although comprehensive search directories would be useful for locating domain names as an alternative to trial and error searches, creation of such directories will not eliminate trademark disputes. While such directories would lessen the need for domain names to be directly identifiable to a specific business, many companies will still wish to maintain their trademarks as domain names so that users may easily associate the name with the company and locate the site later without the aid of a directory.¹²⁸ In this respect, domain names are comparable to telephone mnemonics, which are still considered trademarks although they are easily found in telephone directories.¹²⁹

123. Slind-Flor, *supra* note 112, at B1-2. The Internet Society adopted a plan, signed in Geneva in early May by members of the International Ad Hoc Committee, to create seven new TLDs. Jon Swartz & Julia Angwin, *Web to Get Wider*, S.F. CHRON., May 2, 1997, at A1.

124. See Mitchell et al., *supra* note 1, at 6 (stating that only long-run solution is well-designed and implemented directory service which will provide an easy way to locate people and resources on Internet).

125. See generally Abel, *supra* note 60, at 163-64 (discussing how new domain name systems still have potential for trademark confusion).

126. See *id.* at 164. Another potential problem with increasing the number of domain levels is that there will be an increase in costs to companies as they attempt to register names in multiple top-level domains to prevent confusion. *Id.* at 29.

127. See PTO Issues Statement on the Registration of Domain Names, 13 COMPUTER LAW 29 (1996) (stating that PTO is already developing policy to deal with domain names, which distinguishes between content, service, and link providers, and does not consider TLDs as factors in analysis).

128. See generally Mitchell et al., *supra* note 1, at 4 (explaining that it is unrealistic to merely rely on names to provide sufficient information to distinguish entities with same name from one another).

129. Gary W. Hamilton, *Trademarks on the Internet: Confusion, Collusion or Dilution?*, 4 TEX. INTELL. PROP. L.J. 1, 9 (1995). Many courts have held telephone mnemonics to be protectable as trademarks. *Id.* Likewise, the protection of telephone mnemonics as trademarks may influence the protectability of domain names over the Internet. *Id.* Mnemonic

III. RECOMMENDATIONS

Federalizing the DNS by shifting the responsibility of registering domain names from NSI to the PTO would solve these problems through the adoption of administrative procedures to resolve domain name conflicts.¹³⁰ The PTO, as an administrative office, possesses the ability to affect the rights of private parties through adjudication and rulemaking.¹³¹ To the extent that the PTO treats domain names as trademarks, it has the authority to issue rules and regulations affecting DNOs' rights, and to decide cases between private parties or between a private party and the PTO.¹³² Its decisions are often based on a higher level of expertise because a team of staff members, many of whom are specialists on a particular subject, considers each case.¹³³ Registering a domain name with the PTO would be much like registering a trademark. The PTO would check if the name was already a registered mark before issuing it, thereby precluding companies from using the registered mark of another.¹³⁴ Parties to domain name dispute cases, therefore, may benefit from the PTO's particularized expertise as it applies to administrative adjudication and rulemaking with regard to trademark disputes.

Thus far, the PTO has elected not to intervene in the domain name controversy. The PTO has concluded that domain names issued by NSI may be registered as trademarks if they are used as such in interstate commerce.¹³⁵ Domain names which are registered as trademarks in the PTO enjoy protection that NSI does not give to its registrants.¹³⁶ Many domain name holders, however, are concerned about becoming the targets of lawsuits by trademark owners and consequently losing their domain names.

codes are easy to remember, help to establish recognition of a company's name, and strengthen a company's goodwill or going concern value in connection with its Internet site. See Abel, *supra* note 60 at 154. "[A] domain is an important corporate identifier: beyond being the name under which the company sends and receives mail, like any other trademark or trade name it might potentially become a symbol of the company's goodwill and recognition in the marketplace." *Id.*

130. Under the current system, InterNic and NSI behave as private intermediaries for the federal government. *Id.* at 5. But see Mitchell et al., *supra* note 1, at 2 (stating that NSF and other federal agencies should begin to withdraw support from Internet registration and related functions and relinquish authority to Internet community).

131. See BERNARD SCHWARTZ, ADMINISTRATIVE LAW § 1.5 (3d ed. 1991).

132. See *id.* § 1.6.

133. See GLEN O. ROBINSON ET AL., THE ADMINISTRATIVE PROCESS 1, at 1.C.

134. See Haring, *supra* note 32, at 38.

135. See Hamilton, *supra* note 129, at 5. The PTO reached its decision partly by comparing domain names to telephone number mnemonics and radio station call letters. *Id.*

136. See Dan L. Burk, *Trademarks Along the Infobahn: A First Look at the Emerging Law of Cybermarks*, 1 RICH. J.L. & TECH. 1, 24 (1995) (stating Lanham Act provides national registry which generates protection for both registered and unregistered marks).

As a result, domain name holders have begun approaching the PTO with trademark registration applications.¹³⁷

In 1996, the PTO published a policy statement on the registration of domain names as trademarks.¹³⁸ The PTO policy focuses on whether the mark is a "link provider" or a "content provider."¹³⁹ The policy defines a "link provider" as nothing more than an address or business location that is not eligible for registration.¹⁴⁰ A content provider, which provides information about a product or service, may be registered with the PTO.¹⁴¹ In contrast to PTO procedures, NSI has no system of classification for its domain names.¹⁴² NSI does not distinguish between "link providers" and "content providers."¹⁴³ Furthermore, NSI does not allow companies to register the same name using a business modifier to distinguish them from one another.¹⁴⁴ As a result, strong common law trademarks receive no more protection from NSI than names that serve only as addresses. Because many of the "link providers" also serve as "content providers" under the PTO's classification system, the PTO could register both classifications as trademarks, much as they have with other dual-purpose marks, and thus grant the protection that NSI's policy fails to provide.¹⁴⁵

137. See Oppedahl, *supra* note 49, at 5-6 (noting that rapid growth in domain name registrations will most likely result in thousands of new trademark applications filed with PTO).

138. See Jessie Marshall, Registration of Domain Names and Classification of Computer Activities in the Trademark Office (Apr. 4, 1996) (unpublished manuscript, on file with PTO).

139. *Id.* at 2. A "link provider" transports services over telecommunications facilities, providing a technical connection by which people may communicate. *Id.* A "content provider" disseminates information (such as financial information services), and it is classified by the type of information provided. *Id.* at 1. The means by which the "content provider" disseminates its information is only incidental and is not a weighing factor. *Id.*

140. See Marshall, *supra* note 138, at 2 (noting that domain names are often presented on business cards and advertisements as are addresses and telephone numbers). If a name merely provides information about how to contact the entity, the PTO will not perceive it as a service mark. *Id.*

141. See *id.* at 1-2. If the site includes non-commercial information such as recipes or a product's history, it is more likely to be accepted for registration than the name of a site which merely advertises and sells a product. *Id.* at 2.

142. See generally NSI Policy, *supra* note 50 (failing to include classification system).

143. *Id.*

144. *Id.*

145. Burk, *supra* note 136, at 30 (stating that although domain names appear to serve as both names and addresses, this division is not absolute). The PTO has registered other forms of trademarks which serve this dual nature (such as telephone mnemonics and radio station frequencies). *Id.* at 33. To the extent that trademark law recognizes these locators as trademarks, the same principles may be applicable to domain names. *Id.* The Trademark Manual of Examining Procedure for the PTO Trademark Trial and Appeal Board states that

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Additionally, parties to disputes would benefit from the PTO's dispute resolution proceedings.¹⁴⁶ The Trademark Trial and Appeal Board settles many disputes before they go to court.¹⁴⁷ The Board's administrative law judges make decisions in accordance with established principles of trademark law.¹⁴⁸ The PTO could facilitate registration of identical common law marks as domain names by using additional descriptive words to distinguish them from one another.¹⁴⁹ For example, there could be a "zebra.grocery.com" and a "zebra.hardware.com", both with registered marks.¹⁵⁰ Thus, companies with the same trademarks could register their names as long as their products are dissimilar. NSI, on the other hand, does not have an administrative dispute resolution procedure. Instead, NSI has attempted to indemnify itself from all disputes, leaving parties with no other alternative but litigation.¹⁵¹

CONCLUSION

NSI's DNS is inadequate to meet the needs of name holders and trade-

"among other things, sounds, fragrances, numeric radio frequencies and alpha-numeric telephone numbers" are capable of protection under the Lanham Act. Marcovitz, *supra* note 2, at 99-100. In addition, the National Information Infrastructure Task Force recently noted that under the Lanham Act the electronic transmission of data is a service and is therefore a valid use of a trademark. *Id.* at 101.

146. Haring, *supra* note 32, at 43.

147. See e.g., *In re Metriplex, Inc.*, 23 U.S.P.Q.2d (BNA) 1315, 1317 (1992) (holding that electronic transmission of data is service entitled to trademark protection and that print-out of computer screen display which shows mark also constitutes evidence of use of mark in commerce), cited in Jessica R. Friedman, *Trademark*, 64 FORDHAM L. REV. 730, 734 n.180 (1995).

148. See generally *Mirage Resorts Inc. v. Solo Cup Co.*, 1995 WL 237193, at *4 (P.T.O. 1995) (holding that there is no likelihood of confusion between Solo's paper products and Mirage Casino's drink cups bearing Mirage label); *In re Psychological Methods*, 39 U.S.P.Q.2d 1467, 1470 (P.T.O. 1996) (holding that Trademark Attorney did not err in rejecting "Psychological Methods" as trademark on basis that term is merely descriptive); *Larami Corp. v. Talk To Me Programs, Inc.*, 36 U.S.P.Q.2d 1840, 1845 (P.T.O. 1995) (holding that in Board proceedings, applicant may rely on constructive use date in defending right to registration, as opposed to civil actions where first actual users receive preference over intent-to-use applicants).

149. See *Morando & Nadan*, *supra* note 10, at 12 (stating that requiring domain names to include one-word description of applicant's business would restore domain name system to scope of regular trademark law).

150. See *id.* The inclusion of geographic codes, based on business location, is another means of personalizing domain names. *Id.* Personal domain strings such as "sharp.personal.com" may also be helpful in differentiating between personal users and commercial users. *Id.*

151. See *NSI Policy*, *supra* note 50, at 1 (stating that NSI does not act as arbitrator of disputes); see also *id.* at 4 (holding itself harmless for any loss or damages awarded by court for any claim arising out of or related to use of domain names).

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mark owners in its present state. If the Internet is going to serve as an important channel of information in the marketplace, the DNS must be institutionalized. The PTO should take responsibility for the registration of domain names. Because domain names are used as trademarks, the PTO could easily absorb this new function into its existing system of registration. This would relieve NSI of its domain name clearing responsibilities as well as provide stability to the DNS.

[The appendix material is being held in the subcommittee's file.]

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